



KENYA MORTGAGE REFINANCE COMPANY PLC

Incorporated in Kenya under the Companies Act, 2015

(Registration Number PLC-LXSM9G)

SUPPLEMENTARY INFORMATION MEMORANDUM

IN RESPECT OF

**UP TO KENYA SHILLINGS TEN BILLION FIVE HUNDRED MILLION (KES10,500,000,000) SENIOR
UNSECURED MEDIUM TERM NOTE PROGRAMME**

(established pursuant to the Information Memorandum dated 10th January 2022)

The date of this Supplementary Information Memorandum is 28th April 2026

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SUPPLEMENTARY INFORMATION

MEMORANDUM AND THE BASE INFORMATION MEMORANDUM DATED 10TH JANUARY 2022.

IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

TRANSACTION ADVISORS

Mandated Lead Arranger and Placing Agent	Legal Advisors
Reporting Accountants	Note Trustee
Receiving Bank	Paying, Registrar and Fiscal Agent

1 IMPORTANT NOTICES AND DISCLAIMERS

This document constitutes the Supplementary Information Memorandum (the **"Supplementary Information Memorandum"**) and is dated 28th April 2026. It is supplementary to the Information Memorandum dated 10th January 2022 (the **"Base Information Memorandum"**) issued by Kenya Mortgage Refinance Company PLC (the **"Issuer"**).

This Supplementary Information Memorandum supplements, and must be read together with, the Base Information Memorandum and any prior supplementary information memoranda issued under the Programme. Together, these documents constitute the complete disclosure document for Notes issued pursuant to the Programme.

To the extent of any inconsistency between the Base Information Memorandum and this Supplementary Information Memorandum, the provisions of this Supplementary Information Memorandum shall prevail.

Prospective investors are advised to read and understand the full contents of both documents before making any investment decision. If in doubt, investors should seek advice from a professional adviser.

This Supplementary Information Memorandum has been prepared by, and issued with, the authority of the Issuer. The Issuer accepts responsibility for the information contained herein.

Cautionary Statement

Prospective investors should carefully consider the matters set forth under section 9 ("Supplemental Risk Factors") of this Supplementary Information Memorandum.

Relevant Approvals

Application has been made to the Capital Markets Authority (CMA) for approval of this Supplementary Information Memorandum and listing of the Securities on the Fixed Income Securities Market Segment (FISMS) at the Nairobi Securities Exchange (NSE) and the CMA has granted approval. As a matter of policy, the CMA does not assume responsibility for the accuracy of any of the statements made or opinions or reports expressed or referred to in this Supplementary Information Memorandum. Approval by the CMA of the Supplementary Information Memorandum should not be taken as an indication of the Issuer's or the Notes' merit.

The NSE has no objection to the Issuer listing the Notes on the NSE. The NSE assumes no responsibility for the accuracy of any of the statements made or opinions or reports expressed or referred to in this Supplementary Information Memorandum. Admission by the NSE to listing on the FISMS should therefore not be taken as an indication of the merits of Issuer or the Notes.

Selling Restrictions

The Placing Agent will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Supplementary Information Memorandum or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Placing Agent in any such jurisdiction as a result of any of the foregoing actions. The Issuer and the Placing Agent will have no responsibility for, and each Placing Agent will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Placing Agent is authorised to make any representation or use any information in connection with the

issue, subscription and sale of Notes other than as contained in this Supplementary Information Memorandum.

The approval of the CMA has been obtained for the Notes' issue and offering in Kenya. The sale or transfer of Notes by Noteholders will be subject to the rules of the NSE, and where applicable, the CDSC Rules, the Conditions of the Notes and the provisions of the Agency Agreement. The register for the Notes will be the record of depositors maintained by the Central Depository and Settlement Corporation (CDSC) in accordance with the Central Depositories Act, 2000. There are currently no other restrictions on the sale or transfer of Notes under Kenyan law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents of Kenya.

Environmental, Social and Governance

The use of proceeds for any Tranche of Notes identified as Sustainable Notes in the applicable Pricing Supplement may not meet investor expectations or requirements or be suitable for an investor's investment criteria.

The Pricing Supplement relating to any Tranche of Sustainable Notes may provide that it will be the Issuer's intention to issue Green Notes, Social Notes or Sustainability Notes and apply an amount equal or equivalent to the net proceeds of the issue of any such Sustainable Note to finance and/or refinance, in whole or in part, with respect to Green Notes, new or existing eligible home loans from any of the Eligible Green Categories or, with respect to Social Notes, eligible home loans from any of the Eligible Social Categories, or, with respect to Sustainability Notes, eligible home loans from a combination of the Eligible Green Categories and the Eligible Social Categories, meeting certain eligibility criteria as further described in the KMRC Sustainability Framework, which is available on the Issuer's website.

In connection with the issue of such Sustainable Notes, ISS Corporate Solutions, Inc. ("ISS-Corporate") has evaluated the KMRC Sustainability Framework and has issued an independent Second Party Opinion confirming that the eligible home loans described in the KMRC Sustainability Framework under the Eligible Green Categories and the Eligible Social Categories are aligned with the International Capital Market Association ("ICMA") Principles, as well as the Green Bond Principles ("GBP"), Social Bond Principles ("SBP"), Sustainability Bond Guidance ("SBG"), Green Loan Principles ("GLP") and Social Loan Principles ("SLP"), as applicable.

None of the transaction advisors, or any of their respective directors, affiliates, advisers, agents or any other person makes any representation or gives any assurance as to the KMRC Sustainability Framework's compliance or alignment with the ICMA Principles and GBP, SBP, SBG, GLP and SLP Principles. Furthermore, none of the KMRC Sustainability Framework, the Second Party Opinion, the ICMA Principles, the GBP, SBP, SBG, GLP and SLP Principles, or any associated or future reports, verifications, certifications or the contents of the Issuer's website have been or will be verified by the transaction advisors or any of their respective directors, affiliates, advisers, agents nor do they, or will in the future, constitute or form part of any offer to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Sustainable Notes and are not incorporated in or form part of this Supplementary Information Memorandum.

Prospective investors should have regard to the information set out in this Supplementary Information Memorandum, Base Information Memorandum, the applicable Pricing Supplement, the Second Party Opinion and the KMRC Sustainability Framework regarding such use of proceeds and consult with their legal and other advisers before making an investment in any such Sustainable Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Sustainable Notes together with any other investigation such investor deems necessary.

No assurance is given by the Issuer, the transaction advisors, or any of their respective directors, affiliates, advisers, agents or any other person that the use of such proceeds for eligible home loans under the Eligible Green Categories and/or Eligible Social Categories will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, social or sustainability impact of any eligible home loans under, or related to, the Eligible Green Categories and/or Eligible Social Categories. Accordingly, no assurance is or can be given by the Issuer, the transaction advisors, or any of their respective directors, affiliates, advisers, agents or any other person to investors that any eligible home loans the subject of, or related to, the Eligible Green Categories and/or Eligible Social Categories will meet any or all investor expectations regarding such "green", "social", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur in connection with eligible home loans under, or related to, the Eligible Green Categories and/or Eligible Social Categories. In addition, no assurance can be given by the Issuer, the transaction advisors, or any of their respective directors, affiliates, advisers, agents or any other person to investors that any Notes will comply with any future standards or requirements regarding any "green", "social" or other equivalently labelled performance objectives and, accordingly, the status of any Notes as being "green", "social", "sustainable" (or equivalent) could be withdrawn at any time.

None of the transaction advisors, or any of their respective directors, affiliates, advisers, agents or any other person shall be responsible for the ongoing monitoring of the use of proceeds in respect of any such Sustainable Notes or will verify or monitor any of the commitments set out in the KMRC Sustainability Framework relating to such Sustainable Notes issued under the Supplementary Information Memorandum.

While it is the intention of the Issuer to apply the net proceeds, or an amount equal or equivalent to the net proceeds, of the issue of any Sustainable Notes to eligible home loans under the Eligible Green Categories and/or Eligible Social Categories (as applicable) in, or substantially in, the manner summarised in this Supplementary Information Memorandum, there can be no assurance that the composition of the Eligible Portfolio will remain constant throughout the life of the Sustainable Notes, as eligible home loans may be substituted or removed in accordance with the eligibility criteria and the terms of the Sustainability Framework. Nor can there be any assurance that such Sustainable Notes or the eligible home loans they finance and/or refinance will have the results or outcome (whether or not related to environmental, social, sustainability or other objectives) originally expected or anticipated by the Issuer.

Any such event or failure by the Issuer to use the net proceeds or amount equal or equivalent to the net proceeds as stated or to provide the Second Party Opinion, Allocation and Impact Report (as defined herein) or Verification Report (as defined herein) and/or the fact that the maturity of any eligible home loan under the Eligible Green Categories and/or Eligible Social Categories may not match the duration of any Sustainable Notes and/or the failure by the Issuer to meet any environmental, social, sustainability or other objectives and/or any changes to the composition of the eligible home loans under the Eligible Green Categories and Eligible Social Categories before the applicable maturity date or any applicable optional redemption date of the applicable Sustainable Notes and/or any failure of eligible home loans under the Eligible Green Categories and/or Eligible Social Categories to perform as expected will not: (i) give rise to any claim in contract of a holder of any Sustainable Notes against the Issuer, transaction advisors, or any of their respective directors, affiliates, advisers, agents or any other person; (ii) constitute an Event of Default with respect to Sustainable Notes; (iii) create an obligation of the Issuer to redeem the relevant Sustainable Notes.

In respect of any Tranche of Notes identified as Sustainable Notes in the applicable Pricing Supplement, there can be no assurance regarding the suitability or reliability of any opinion (including the Second Party Opinion), report, verification or certification of any third party (whether or not solicited by the Issuer) or admission to any index.

In connection with the issuance of any Tranche of Notes identified as Sustainable Notes in the applicable Pricing Supplement, the Issuer may request a provider of second party opinions to issue a Second Party Opinion in respect of the Sustainability Framework.

No assurance or representation is given by the Issuer, transaction advisors, or any of their respective directors, affiliates, advisers, agents or any other person as to the suitability or reliability for any purpose whatsoever of any opinion (including the Second Party Opinion), report, verification or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of Sustainable Notes and in particular with any eligible home loans under the Eligible Green Categories and/or Eligible Social Categories to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Supplementary Information Memorandum.

Any such opinion, report, verification or certification is not, nor should it be deemed to be, a recommendation by the Issuer, transaction advisors, or any of their respective directors, affiliates, advisers, agents or any other person to buy, sell or hold any such Sustainable Notes. Any such opinion, report or certification is only current as at the date that opinion, report or certification was initially issued.

Prospective investors must determine for themselves the relevance of any such opinion, report, verification or certification and/or the information contained therein and/or the provider of such opinion, report or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions, reports, verifications and certifications are not subject to any specific regulatory or other regime or oversight. Investors in such Sustainable Notes shall have no recourse against the Issuer, transaction advisors, or any of their respective directors, affiliates, advisers, agents or any other person or the provider of any such opinion, report, verification or certification for the contents of any such opinion, report, verification or certification.

International Finance Corporation ("IFC"), the largest global development institution focused on the private sector in developing countries and part of the World Bank Group, has expressed interest in acquiring a portion of the Notes. The proposed investment is subject to conditions customary to transactions of this nature including IFC's internal requisite approvals. Final allocation will be determined by KMRC. In consideration of the proposed investment, the Issuer is required to make, and will make, certain representations and covenants relating to environmental, social, anti-money laundering, corruption and sanctionable practices to which all entities in which IFC invests are subject. Upon conclusion of the proposed investment, IFC may trade its Notes, and potential investors should not place any reliance on IFC's participation when making their investment decisions.

Forward-looking Statements

Some statements in this Supplementary Information Memorandum may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this Supplementary Information Memorandum, the words "anticipates", "estimates", "believes", "intends", "plans", "may", "should" and any similar expressions are used to identify forward-looking statements. The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance.

These views reflect the best judgment of the Issuer's management but involve uncertainties and are subject to certain risks the occurrence of which could cause actual results to differ materially from those predicted in the Issuer's forward-looking statements and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Supplementary Information Memorandum, or if any of the Issuer's underlying assumptions prove to be incomplete or incorrect, the Issuer's actual performance may vary from that expected, estimated or projected.

These forward-looking statements apply only as at the date of this Supplementary Information Memorandum. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligations or undertaking to disseminate after the date of this Supplementary Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based. A prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

Financial Information

Financial information presented in this Supplementary Information Memorandum is derived from the audited financial statements of this Issuer for the five years up to 31st December 2025.

2 INCORPORATION OF DOCUMENTS BY REFERENCE

This Supplementary Information Memorandum should be read and construed in conjunction with the following documents, each of which is incorporated herein by reference and forms part of this Supplementary Information Memorandum:

- a) The Base Information Memorandum dated 10th January 2022, including all appendices and documents incorporated therein by reference, as amended, restated or supplemented from time to time.
- b) All further supplements to the Information Memorandum circulated by the Issuer from time to time in accordance with the undertakings given by the Issuer in the Trust Deed and as further described in the section below titled "Supplementary Information Memorandum".
- c) Each Pricing Supplement relating to a Tranche of Notes issued under this Supplementary Information Memorandum.
- d) The audited annual financial statements (and notes thereto) and any unaudited interim financial statements of the Issuer published subsequent to such annual financial statements and prior to each issue of Notes under this Supplementary Information Memorandum including the audited financial statements for the financial year ended 31st December 2025.
- e) The Trust Deed;
- f) The Issue Agreement; and
- g) The Agency Agreement.

The above-listed documents shall be deemed to be incorporated in, and form part of, this Supplementary Information Memorandum. Copies of any documents incorporated herein by reference will be made available free of charge to any person upon request. Requests shall be directed to the Issuer at the address specified in this Supplementary Information Memorandum.

Supplementary Information Memorandum

In accordance with, and by way of reconfirmation of, the undertaking given by the Issuer in the Base Information Memorandum, the Issuer hereby reaffirms its undertaking to the Arranger and Placing Agent that, for so long as any Notes issued under the Programme remain outstanding, if there is a significant change affecting any matter contained in the Information Memorandum (comprising the Base Information Memorandum and this Supplementary Information Memorandum), the inclusion of which would reasonably be required by investors and their professional advisers and would reasonably be expected by them to be found in the Information Memorandum for the purpose of making an informed assessment of the Notes, the Issuer shall prepare an amendment or supplement to the Information Memorandum or publish a replacement Information Memorandum for use in connection with any subsequent offering of Notes.

Legal Advisor's Opinion

Mboya, Wangong'u & Waiyaki Advocates, the Legal Advisors to the Issuer, have given and not withdrawn their written consent to the inclusion in this Supplementary Information Memorandum of their legal opinion dated 28th April 2026, and the references to their names, in the form and context in which they appear and have authorized the contents of their letter set out in Appendix A of this Supplementary Information Memorandum. The legal opinion has been prepared specifically in connection with the issuance of this Supplementary Information Memorandum and supersedes, for the purposes of this Supplementary Information Memorandum, the legal opinion included in the Base Information Memorandum.

Reporting Accountants' Report

This Supplementary Information Memorandum contains a report and/or statement from Grant Thornton Kenya, the Reporting Accountants, prepared in connection with this Supplementary Information Memorandum and dated 28th April 2026. The Reporting Accountants have given and have not withdrawn their consent to the issue of the said report/statement in the form and context in which it is included in Appendix B of this Supplementary Information Memorandum. The Reporting Accountants' report included herein has been prepared specifically in connection with this Supplementary Information Memorandum and should be read in conjunction with, and not as a replacement of, the accountants' report included in the Base Information Memorandum.

Investors should note that the Reporting Accountants for this Supplementary Information Memorandum are Grant Thornton Kenya. This represents a change from the Base Information Memorandum, in which Mazars were appointed as Reporting Accountants. The Issuer confirms that there are no matters arising from this change that are required to be brought to the attention of investors or that would materially affect the content of this Supplementary Information Memorandum.

Note Trustee's Declaration

Ropat Trust Company Limited continues to act as Note Trustee to the Medium-Term Note Programme pursuant to the Trust Deed. The Note Trustee's declaration of independence and confirmation of its understanding of the responsibilities of the office of Note Trustee, as made at the time of the Base Information Memorandum, remains in full force and effect and is incorporated herein by reference. The Note Trustee has confirmed that there has been no change in its independence from, or affiliation with, Kenya Mortgage Refinance Company PLC or any other party to the Notes since the date of the Base Information Memorandum.

3 DIRECTORS DECLARATION

This Supplementary Information Memorandum has been approved by the Board of Directors of Kenya Mortgage Refinance Company PLC who hereby declare that to the best of their knowledge, the information contained in this Supplementary Information Memorandum and the Base Information Memorandum dated 10th January 2022 (together, the Information Memorandum) relating to the company's financial position, operations and future prospects is true and fair and that in the event that the said information changes, based on the prevailing circumstances of the company, a supplemental disclosure document shall be submitted to the Authority for approval.

This Supplementary Information Memorandum has been issued in compliance with the requirements of the Capital Markets Act (Cap. 485A), the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, the rules of the Nairobi Securities Exchange Limited and the Companies Act, 2015.



Dr. Haron Sirima, OGW
Chairman



Mr. Johnstone Oltetia
Chief Executive Officer

TABLE OF CONTENTS

1	IMPORTANT NOTICES AND DISCLAIMERS	1
2	INCORPORATION OF DOCUMENTS BY REFERENCE.....	6
3	DIRECTORS DECLARATION	8
4	DEFINITIONS AND ABBREVIATIONS	11
5	SUPPLEMENTAL USE OF PROCEEDS	15
5.1	KMRC Exclusion List	19
5.2	Process for Home loan Evaluation and Selection.....	20
5.3	Management of Proceeds.....	21
5.4	Reporting	22
5.5	Second Party Opinion	23
6	UPDATED KMRC BUSINESS OVERVIEW.....	24
6.1	Employees.....	24
6.2	Organisational Structure	24
6.3	Business Strategy	25
6.4	KMRC Sustainable Development Strategy	27
7	UPDATED CORPORATE GOVERNANCE AND MANAGEMENT.....	32
7.1	Board of Directors and Company Secretary	32
7.2	Senior Management	35
7.3	Competence and Suitability of Directors and Management.....	41
7.4	The Board Committees	42
7.5	Shareholding	43
8	UPDATED FINANCIAL PERFORMANCE AND STATUTORY RATIOS.....	45
8.1	Statement of Comprehensive Income	45
8.2	Statement of Financial Position.....	46
8.3	Statement of Cash Flows	47
8.4	KMRC Prudential Capital Ratios and Capital Buffers	48
9	SUPPLEMENTAL RISK FACTORS	49
9.1	ESG Related Risk Factors	49
10	SUPPLEMENTAL TAXATION	52
10.1	Tax Considerations.....	52
11	STATUTORY AND GENERAL INFORMATION	53
11.1	Additional Material Disclosures	53
	APPENDIX A: SUPPLEMENTAL LEGAL OPINION.....	56
	APPENDIX B: REPORTING ACCOUNTANTS REPORT	63

LIST OF TABLES

Table 1: Eligible Green Categories- Climate Resilient and Resource Efficient Housing	16
Table 2: Eligible Social Categories- Affordable and Inclusive Housing	17
Table 3: Indicative Impact Indicators.....	23
Table 4: KMRC Sustainability Priorities, Targets & KPIs	29
Table 5: KMRC Board of Directors and Company Secretary	32
Table 6: KMRC Senior Management	35
Table 7: Board Audit Committee	42
Table 8: Credit and Risk Committee.....	43
Table 9: Finance Planning & Human Resources Committee	43
Table 10: Board Nomination Committee	43
Table 11: Shareholding Structure	43
Table 12: Statement of Comprehensive Income.....	45
Table 13: Statement of Financial Position	46
Table 14: Statement of Cash Flows.....	47
Table 15: KMRC Prudential Capital Ratios and Capital Buffers	48

TABLE OF FIGURES

Figure 1: KMRC Mortgage Refinance Process	21
Figure 2: Functional organisational chart	24

4 DEFINITIONS AND ABBREVIATIONS

This section supplements Section 5 of the Base Information Memorandum dated 10th January 2022. It sets out new defined terms and abbreviations introduced by this Supplementary Information Memorandum, as well as existing terms that have been expanded or restated in the context of the KMRC Sustainability Framework. Unless otherwise stated, capitalised expressions used in this Supplementary Information Memorandum bear the meanings given to them in the Base Information Memorandum or herein. In the event of any inconsistency, the provisions of this Supplementary Information Memorandum shall prevail. All terms defined in Section 5 of the Base Information Memorandum that are not listed below continue to carry their original meanings without modification.

Subject	Definition
Affordable Housing Act, 2024	The Affordable Housing Act of Kenya enacted in 2024, establishing the legal framework for affordable housing programmes. Qualifying loans under the Eligible Social Categories must comply with the affordability parameters set by this Act and relevant PML underwriting standards.
Allocation Period	The period of thirty-six (36) months from the date of issuance of any Tranche of Sustainable Notes within which the Issuer intends to allocate an amount equivalent to the full net proceeds to Eligible Green Home Loans and/or Eligible Social Home Loans recorded in the MRS.
BREEAM	Building Research Establishment Environmental Assessment Method, a sustainability assessment method developed by the Building Research Establishment (BRE) in the United Kingdom.
CBK Green Taxonomy	The Green Finance Taxonomy issued by the Central Bank of Kenya, classifying economic activities according to their contribution to climate change mitigation and other environmental objectives.
Data Protection Act	The Data Protection Act of Kenya, 2019, governing the collection, storage, processing and transfer of personal data. KMRC is registered with the ODPC as both a Data Controller and a Data Processor and confirms full regulatory compliance with this Act.
EDGE	Excellence in Design for Greater Efficiencies, a green building standard and certification programme developed by the International Finance Corporation (IFC) and its authorized EDGE partners, recognizing measurable energy, water and materials efficiency improvements. EDGE certification is an accepted standard under the Eligible Green Categories.
Eligible Green Categories	The categories of Eligible Green Home Loans are set out in the KMRC Sustainability Framework, currently comprising Green Residential Buildings as described in Section 5 (Supplemental Use of Proceeds) of this Supplementary Information Memorandum.
Eligible Green Home Loans	Mortgage loans satisfying the eligibility criteria of one or more Eligible Green Categories as defined in the KMRC Sustainability Framework, including loans secured on Green Residential Buildings meeting

Subject	Definition
	recognized certification standards such as EDGE, LEED Gold or Green Star 4.
Eligible Portfolio	The pool of Eligible Green Home Loans and/or Eligible Social Home Loans, as applicable, recorded in the Mortgage Refinance System and meeting all relevant eligibility criteria, to which an amount equivalent to the net proceeds of any Tranche of Sustainable Notes is allocated.
Eligible Social Categories	The categories of Eligible Social Home Loans are set out in the KMRC Sustainability Framework, currently comprising (i) Affordable Housing and (ii) Socioeconomic Advancement and Empowerment, as further described in Section 5 (Supplemental Use of Proceeds) of this Supplementary Information Memorandum.
Eligible Social Home Loans	Mortgage loans satisfying the eligibility criteria of one or more Eligible Social Categories as defined in the KMRC Sustainability Framework, including Affordable Mortgages and Social Mortgages originated for low-to-lower-middle income borrowers, and mortgages extended to women borrowers or women-headed households.
ESG	Environmental, Social and Governance, the framework through which KMRC assesses sustainability risks and opportunities in its operations, investments and refinancing activities.
ESMS	Environmental and Social Management System maintained by KMRC, within which the ESRA forms the baseline screening layer, governing the identification, assessment and management of environmental and social risks in KMRC's lending and refinancing activities.
ESRA	Environmental and Social Risk Assessment, the baseline screening process within KMRC's ESMS that systematically identifies and removes from the refinancing pool any activities listed on the KMRC Exclusion List prior to eligibility validation, applied to all mortgage portfolios submitted by PMLs seeking refinancing.
ESRM	Environmental and Social Risk Management, the framework applied by KMRC and its PMLs in the evaluation and selection of eligible home loans, comprising the ESRA process, the Exclusion List, portfolio-level due diligence and periodic onsite reviews at PML premises.
Exclusion List	The KMRC Exclusion List set out in Section 5.1, identifying categories of mortgage and housing loans that the Issuer will not refinance. The Exclusion List is operationalized through the ESRA process.
GBP	In this Supplementary Information Memorandum, the Green Bond Principles published by the International Capital Market Association providing voluntary process guidelines for the issuance of green bonds. Note: In the Base Information Memorandum, "GBP" denotes Sterling Pound. That usage is retained in the Base Information Memorandum. All

Subject	Definition
	references to "GBP" in this Supplementary Information Memorandum refer exclusively to the Green Bond Principles.
GLP	Green Loan Principles published by the Loan Market Association (LMA) and related bodies, providing a high-level framework for the development and integrity of green loan products.
GRI	Global Reporting Initiative, which provides the most widely used standards for sustainability reporting. KMRC aligns its sustainability disclosures with GRI standards as part of its commitment to transparent non-financial reporting.
Green Notes	Sustainable Notes whose net proceeds are allocated exclusively to Eligible Green Home Loans under the Eligible Green Categories as described in the KMRC Sustainability Framework, as specified in the applicable Pricing Supplement.
HCV	High Conservation Value, as defined by the HCV Resource Network, identifying areas or attributes of biodiversity, ecosystem services or cultural significance requiring special management. HCV areas and Primary Forests are classified as Critical Habitats under the KMRC Exclusion List.
ICMA	International Capital Market Association, the industry body that publishes the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidance and related voluntary standards used as the benchmark for the KMRC Sustainability Framework.
KMRC Sustainability Framework	The Sustainability Framework published by Kenya Mortgage Refinance Company PLC dated March 2026, setting out the eligibility criteria, use of proceeds, evaluation and selection process, management of proceeds, reporting commitments and external review arrangements applicable to Green Notes, Social Notes and Sustainability Notes issued under the Programme. References to the "Sustainability Framework" shall be construed accordingly.
LEED	Leadership in Energy and Environment Design, a globally recognized green building rating system developed by the US Green Building Council. LEED Gold certification or above is an accepted standard for qualifying Green Residential Buildings under the Eligible Green Categories.
LMA Principles	Collectively, the Green Loan Principles (GLP) and Social Loan Principles (SLP) published by the Loan Market Association.
MRS	Mortgage Refinance System, the Issuer's authoritative internal register for tracking refinanced assets, allocation of proceeds from Sustainable Notes to Eligible Loans, and preparation of Allocation and Impact Reports. Only loans recorded in the MRS and originated within the Look-back Period are eligible to be financed using proceeds from sustainable bond issuances.

Subject	Definition
SBG	Sustainability Bond Guidance published by ICMA, providing recommendations for issuers of sustainability bonds whose proceeds finance a combination of both green and social projects
SDGs	The United Nations Sustainable Development Goals, a collection of 17 interlinked global goals adopted in 2015.
SLP	Social Loan Principles published by the Loan Market Association (LMA) and related bodies, providing voluntary guidelines for social loans whose proceeds are allocated to eligible social projects.

5 SUPPLEMENTAL USE OF PROCEEDS

The Issuer will apply the net proceeds of each Tranche of Notes towards the refinancing of the eligible home loans, or as otherwise specified in the applicable Pricing Supplement.

In respect of each Tranche of Notes designated as Sustainable Notes in the applicable Pricing Supplement, the Issuer will allocate an amount equal to the net proceeds exclusively to financing and/or refinancing, in whole or in part, of the following, as applicable:

1. Where the Sustainable Notes are identified as **Sustainability Notes**, a combination of Eligible Green Home Loans and Eligible Social Home Loans; or
2. Such other uses as may be specified in the applicable Pricing Supplement.

The Eligible Green Home Loans and Eligible Social Home Loans referred to above are those defined in the KMRC Sustainability Framework published by Kenya Mortgage Refinance Company PLC dated March 2026, a summary of which is set out below.

The KMRC Sustainability Framework is available in full on KMRC's website at <https://www.kmrc.co.ke/resource/kmrc-sustainability-bond-framework>.





Summary of Eligibility Criteria for Eligible Green and Eligible Social Categories

KMRC has established eligibility criteria for home loans aligned with both green and social categories, as referenced in the International Capital Market Association (ICMA) Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

Eligible home loans are required to contribute to defined sustainability objectives and to align with internationally recognized standards, including the ICMA Green Bond Principles (GBP), the Kenya Green Finance Taxonomy, IFC EDGE green building criteria, and applicable national affordable housing guidelines.



The detailed eligibility criteria for the Eligible Green Categories and Eligible Social Categories are set out in the KMRC Sustainability Framework and are summarized below.

Table 1: Eligible Green Categories- Climate Resilient and Resource Efficient Housing



Eligible Green Category (ICMA GBP)	Eligibility Criteria	Contribution to CBK Green Taxonomy	Applicable UN SDG
<p>Green Residential Buildings</p>	<p>Refinancing pools of mortgages that are tied to buildings which comply with one of the following criteria:</p> <ul style="list-style-type: none"> Residential units that meet green building standards certification requirements Refurbished buildings must achieve equal to or more than 20% emissions/ energy performance improvements (or primary energy demand) When applying the $\geq 20\%$ primary energy demand or energy performance improvement requirement, the company will rely on third-party-verified calculations embedded within recognized green building certifications (such as EDGE), which use standardized energy-modelling tools to assess and validate the efficiency gains. <p>Alternatively, buildings must at least:</p> <ul style="list-style-type: none"> have Leadership in Energy and Environment Design “Gold” certification. be in the Green Star 4 category or above. be Excellence in Design for Greater Efficiencies (EDGE) certified by the International Finance Corporation’s EDGE partners. <p>Moreover, additional certification focused on the health and well-being of tenants may be considered.</p>	<p>Climate Change Mitigation: aligns to taxonomy activities referenced in the CBK Green Taxonomy¹:</p> <p>7.1 Acquisition and ownership of residential buildings.</p> <p>8.1 Construction of New Buildings</p>	   

¹ The Central Bank of Kenya (CBK) Green Finance Taxonomy provides a standardized national classification system for identifying environmentally sustainable economic activities. Its primary objective is to guide financial institutions in assessing, categorizing, and reporting green financing in line with Kenya's climate mitigation and adaptation priorities, support the transition to a low-carbon and climate-resilient economy, and reduce greenwashing through a common definitional framework. The Taxonomy is aligned with Kenya's Nationally Determined Contributions (NDCs) and international best practice. It is available on the CBK website at <https://www.centralbank.go.ke/kenya-green-finance-taxonomy-climate-risk-disclosure-framework/>.

Table 2: Eligible Social Categories- Affordable and Inclusive Housing

Eligible Social Categories (as per ICMA)	Eligible Social Assets definition and eligibility criteria	Target Population	Applicable UN SDG
Affordable Housing²	<p>Refinancing of residential affordable housing units that meets the Affordable & Social Eligibility Criteria where the underlying mortgage loans support access to homeownership for previously underserved groups, including middle to low-income households, vulnerable persons, and women-headed households. This includes mortgages for units offered at concessional mortgage terms; units specifically allocated to low-income or disadvantaged populations in line with the Affordable Housing Act, 2024; All qualifying loans must meet affordability parameters as per the eligibility criteria and relevant PML underwriting standards.</p> <p>These are pools of mortgages that fit within the criteria below:</p> <ul style="list-style-type: none"> • Mortgages priced below prevailing market mortgage rates – below 10% • Affordable Mortgages/Middle Income: Between KES 4 million and KES 10.5 million • Social Mortgages/Lower Income: Below KES 4 million 	<ul style="list-style-type: none"> • Owner occupier homeowners falling within the low to lower middle-income population • Borrowers from the informal sector, with lower levels of income/undocumented income 	 

² KMRC's Eligibility Criteria for "Affordable Housing" aligns with the Affordable Housing Act, 2024, which defines affordable housing as housing that is adequate and costs not more than 30% of a person's monthly income to rent or acquire, and operationalizes affordability through income-based housing categories (including social housing for low-income households and affordable housing for defined income brackets). In alignment with this national definition and targeting approach, KMRC operationalizes "affordable housing" through refinanced mortgage pools that (i) fall within KMRC's defined affordability loan/value bands for affordable mortgages, and (ii) are offered at concessional or below-market pricing (as specified in this Framework), while (iii) requiring PMLs - to evidence affordability consistent with the Act's 30% affordability principle.

Eligible Social Categories (as per ICMA)	Eligible Social Assets definition and eligibility criteria	Target Population	Applicable UN SDG
Socioeconomic advancement and empowerment	<p>Refinancing of mortgages for women³ borrowers or women-headed households, including: (i) residential mortgages where the primary borrower is a woman; (ii) residential mortgages where a woman is an active co-borrower with real economic participation; or (iii) residential mortgages supporting women-headed households.</p> <p>Affordable Mortgages/Social Mortgages: Below KES 10.5 million.</p>	<ul style="list-style-type: none"> Women borrowers or women-headed households. 	 

³ KMRC's gender-inclusive eligibility approach (women borrowers / women-headed households) is consistent with the Affordable Housing Act, 2024 (s.49(3)) provisions recognizing women within affordable housing allocation considerations and aligns with KMRC's Sustainability Framework commitments to deepen women's access to housing finance (including reported portfolio outcomes for women borrowers).

5.1 KMRC Exclusion List

This list is intended to outline the criteria under which KMRC, as part of its acceptance criteria for the collateral, will not refinance mortgage/housing loans underwritten by Primary Mortgage Lenders where such loans are deemed by the Issuer to be associated with the following:

- 1. Real estate construction deemed illegal or non-compliant according to Applicable Laws.** Examples include unauthorized construction; housing construction in zones not designated as residential; encroachment on public / government land or private land etc.
- 2. Properties or land associated with illegal forced evictions of previous owners or occupants.** Permanent or temporary removal against their will of individuals, families and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Prohibition on forced evictions does not, however, apply to evictions carried out by force in accordance with national law and is conducted in a manner consistent with basic principles of due process, including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force. These criteria will apply where land associated with such evictions was subsequently used for construction of housing developments in which Participating Financial Institutions are seeking to originate mortgages.
- 3. Properties built on land from which government agencies or builders have removed/involuntarily resettled local communities, including squatters or encroachers, without proper compensation.** Resettlement activities should follow the process through which adverse social and economic impacts are minimized through (i) providing compensation for loss of assets at replacement cost defined as the market value of the assets plus transaction costs and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected. These criteria will apply where land associated with such resettlement/displacement was subsequently used for construction of housing developments in which Participating Financial Institutions are seeking to originate mortgages.
- 4. Properties involving outstanding land disputes.**
- 5. Properties built in locations and/or in a manner that involve significant degradation or conversion of critical habitats and/or legally protected areas.** Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitats of significant importance for critically endangered or endangered species as defined by the IUCN Red List of Threatened Species; habitats of significant importance for endemic or restricted- range species; habitats supporting globally significant concentrations of migratory species and/or congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes. Primary Forests or forests of High Conservation Value (HCV) shall be considered Critical Habitats. HCV areas do not directly correspond with definitions for modified, natural and critical habitat. The HCV Resource Network, an internationally recognized group, provides information and support on the evolving usage of HCV to ensure a consistent approach. <https://www.hcvnetwork.org/>.

These criteria will apply where land associated with such degradation or conversion was subsequently used for construction of housing developments in which Participating Financial Institutions are seeking to originate mortgages and/or these impacts are likely to occur or continue post-construction.

These exclusions apply to all Eligible Loans and are operationalized through the Environmental & Social Risk Assessment (ESRA) process. The ESRA forms the baseline screening layer within KMRC's ESMS and ensures that any activity listed under the Exclusion List is systematically identified and removed from the refinancing pool prior to eligibility validation.

5.2 Process for Home loan Evaluation and Selection

KMRC applies an integrated governance model for the evaluation, selection and oversight of Eligible Loans under the KMRC Sustainability Framework. The governance responsibilities are embedded within the company's existing refinancing approval structures. This includes coordination between the Refinancing Unit, Risk and Compliance, Finance and Treasury and other relevant teams in the implementation of the Sustainability Framework.

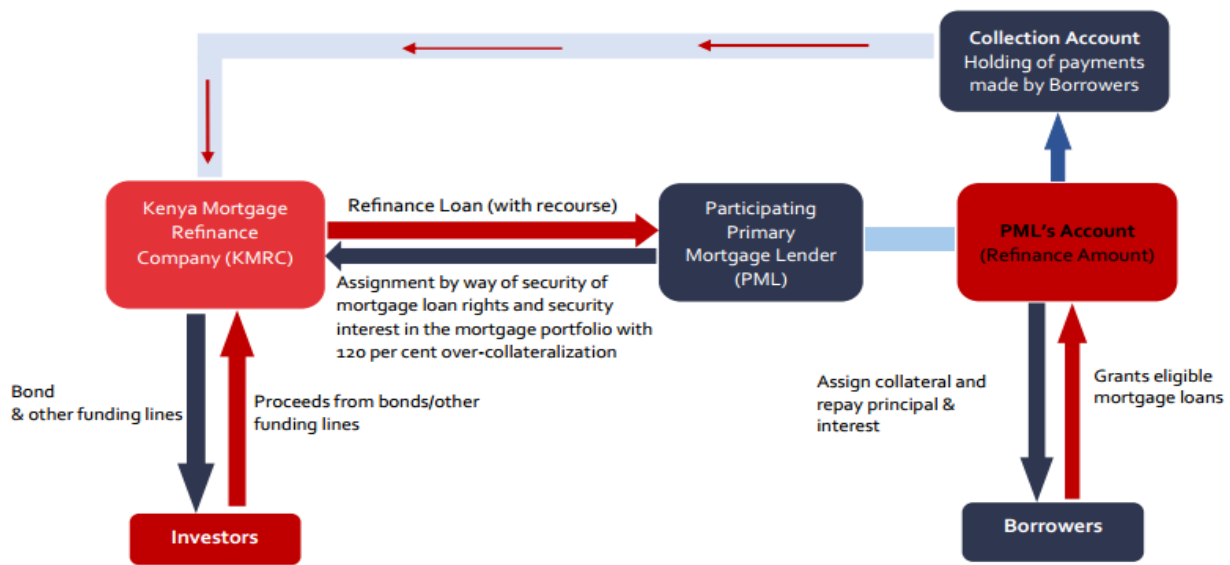
When a participating mortgage lender (PML) seeks refinancing from KMRC, it submits a pool of mortgage loans originating in the ordinary course of its lending activities. All refinancing transactions are subject to a consistent, documented evaluation process designed to ensure alignment with the terms of credit, eligibility criteria, and environmental and social requirements.

The process begins with a portfolio level due diligence review conducted by the Refinancing Unit, including an onsite review at the PML premises. This review assesses the submitted mortgage pool against the approved eligibility criteria, covering credit quality, valuation integrity, exclusion criteria and environmental and social acceptability. Valuation reports are reviewed to confirm that no loans relate to excluded activities, and environmental and social screening is applied in line with the Environmental and Social Risk Management (ESRM) framework.

Only portfolios that satisfy these baseline requirements are considered eligible for refinancing. Once the technical review is completed, the proposed refinancing is submitted through the standard internal approval and governance channels. The same governance structures responsible for approving refinancing transactions also validate which underlying loans qualify as "Eligible Loans" under the KMRC Sustainability Framework, ensuring full integration between sustainability eligibility and existing oversight mechanisms.

Following approval, refinancing agreements are executed and funds are disbursed to the PMLs. Eligible loans are then recorded in the Mortgage Refinance System (MRS), which serves as the authoritative register for tracking refinanced assets, allocation of proceeds, and subsequent allocation and impact reporting. Only loans recorded in the MRS and, where applicable, originated within the defined look-back period of 12 months are eligible to be financed using proceeds from sustainable bond issuances.

Figure 1: KMRC Mortgage Refinance Process



Source: KMRC

5.3 Management of Proceeds

KMRC applies a structured project (mortgage pool) evaluation and selection process to ensure that only eligible mortgage loans are included in the Eligible Portfolio. This process is fully integrated into the company's refinancing operations and aligned with the E&S Risk Management System (ESMS) and eligibility criteria defined in the Refinancing policy and process.

Once a financing instrument is issued, the Issuer receives the net proceeds and manages them under a controlled internal allocation process. The objective is to allocate an amount equivalent to the net proceeds exclusively to eligible mortgage loans. Responsibility for managing the bond proceeds rests with the Finance & Treasury function. The Refinancing Department confirms which loans qualify as eligible, while Finance & Treasury ensures that funds are directed at an approved mortgage portfolio.

At the time of issuance, proceeds are not always immediately allocated. Between issuance and allocation, the funds are held in dedicated bank accounts managed in accordance with the treasury and liquidity management policies. During this temporary holding period, proceeds may be invested in short-term, low-risk, liquid instruments that are consistent with the company's investment guidelines, and that do not conflict with the exclusion criteria of the KMRC Sustainability Framework.

KMRC intends to allocate the full amount equivalent to the net proceeds within a maximum period of thirty-six (36) months from the date of issuance. If, at any point, an asset ceases to meet the eligibility criteria, the corresponding amount will be removed from the eligible pool and replaced by another qualifying loan within the timelines defined in the master service and refinance agreement. Where KMRC borrows in the form of a multi-tranche facility, only the specific tranche that is designated, documented and aligned to the KMRC Sustainability Framework will be labelled as Green, Social, or Sustainability. The labelling will not extend to the entire facility, but solely to the tranche whose proceeds are allocated to eligible mortgage loans.

5.4 Reporting

5.4.1 Allocation and Impact Report

The Issuer will provide clear, timely, and comprehensive reporting on both the allocation of proceeds and the resulting environmental and social impacts of activities financed under the KMRC Sustainability Framework. Reporting will occur at least annually and will continue until an amount equivalent to the net proceeds has been fully allocated. The information will be made publicly available through the Company's website and relevant investor communication channels. Sustainability and ESG disclosures are prepared within the Integrated Reporting Framework (IIRC), ensuring that financial and non-financial information is presented in an integrated and coherent manner.

The Allocation Report will present the total amount raised under each instrument, the portion allocated to eligible mortgage loans, and the balance of unallocated proceeds. Where proceeds remain unallocated, the report will also describe where those funds are temporarily held in accordance with the treasury management approach described in the Management of Proceeds section. In line with ICMA best practice, allocation disclosures will also be provided at the level of each Eligible Portfolio category, clearly indicating how proceeds have been distributed across categories such as Affordable Housing, Green Housing, and other qualifying segments.

In addition to allocation reporting, the company will provide impact reporting based on information obtained from participating lenders and internal verification records. **The Impact Report** will describe the environmental and social characteristics of the financed mortgage portfolio, including the reach of affordable housing financing and the environmental performance attributes of qualifying properties, where data is available. Impact reporting will also be presented by project category, outlining category-specific indicators such as the number of affordable units financed, energy-efficient or EDGE-certified homes supported, geographic distribution of units, and social inclusion metrics (e.g., financing to women borrowers or vulnerable groups), subject to data availability. For Green Loans, KMRC will also provide lenders with periodic information on the impacts and progress of the underlying eligible green mortgage loans, including updates on the environmental performance of financed properties, aligned with the annual reporting cycle under the KMRC Sustainability Framework.

Verification Report

The Issuer will obtain a Verification Report on the Allocation Report by an independent verifier on full allocation for Sustainability Notes. Through this process, investors will be updated on how proceeds were allocated and the outcomes associated with the financed assets.

In this respect, the Issuer has obtained a waiver from the CMA from the requirement under the Fifth Schedule of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 for the Allocation and Impact Report to be reviewed annually and for verification reports to be provided after full allocation until the maturity of any Sustainability Notes.

This waiver has been granted on the basis that the Issuer will provide annual reporting on the allocation of proceeds until full allocation, following which an independent verification will be obtained confirming such allocation. The Issuer confirms that this approach is aligned with internationally recognised market standards, including the International Capital Market Association Green Bond Principles, which contemplate allocation reporting until full allocation and do not require ongoing verification where no further allocation activity is undertaken.

The Issuer further confirms that, notwithstanding the waiver, it shall continue to comply with all applicable continuing disclosure obligations under the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, including the disclosure of any material developments relating to the financed projects or their environmental impact. Accordingly, investors will continue to receive all

material information necessary to assess the use of proceeds and the integrity of the Sustainability Notes.

Table 3: Indicative Impact Indicators

Affordable Housing indicators	Refinanced pool of mortgages that fit within the criteria below. <ul style="list-style-type: none"> • Mortgages priced below prevailing market mortgage rates: below 10%. • Affordable Mortgages/Middle Income: Between KES 4 million and KES 10.5 million. • Social Mortgages/Lower Income: Below KES 4 million. • Geographic distribution of refinanced mortgages
Socioeconomic advancement and empowerment	Number and Percentage of Refinanced pool of mortgages allocated to women/women-headed households
Environmental indicators:	Number of units that meet green building standards certification requirements or energy performance thresholds (e.g. IFC EDGE/BREEAM/LEED/other local/international standards, where relevant).

5.5 Second Party Opinion

KMRC has appointed ISS Corporate to provide the Second Party Opinion on the KMRC Sustainability Framework and to assess the alignment of the Sustainability Framework with the ICMA Principles and LMA Principles. The Second Party Opinion is available on KMRC's website: (<https://www.kmrc.co.ke/resource/kmrc-sustainability-framework-second-party-opinion-spo-report>).

6 UPDATED KMRC BUSINESS OVERVIEW

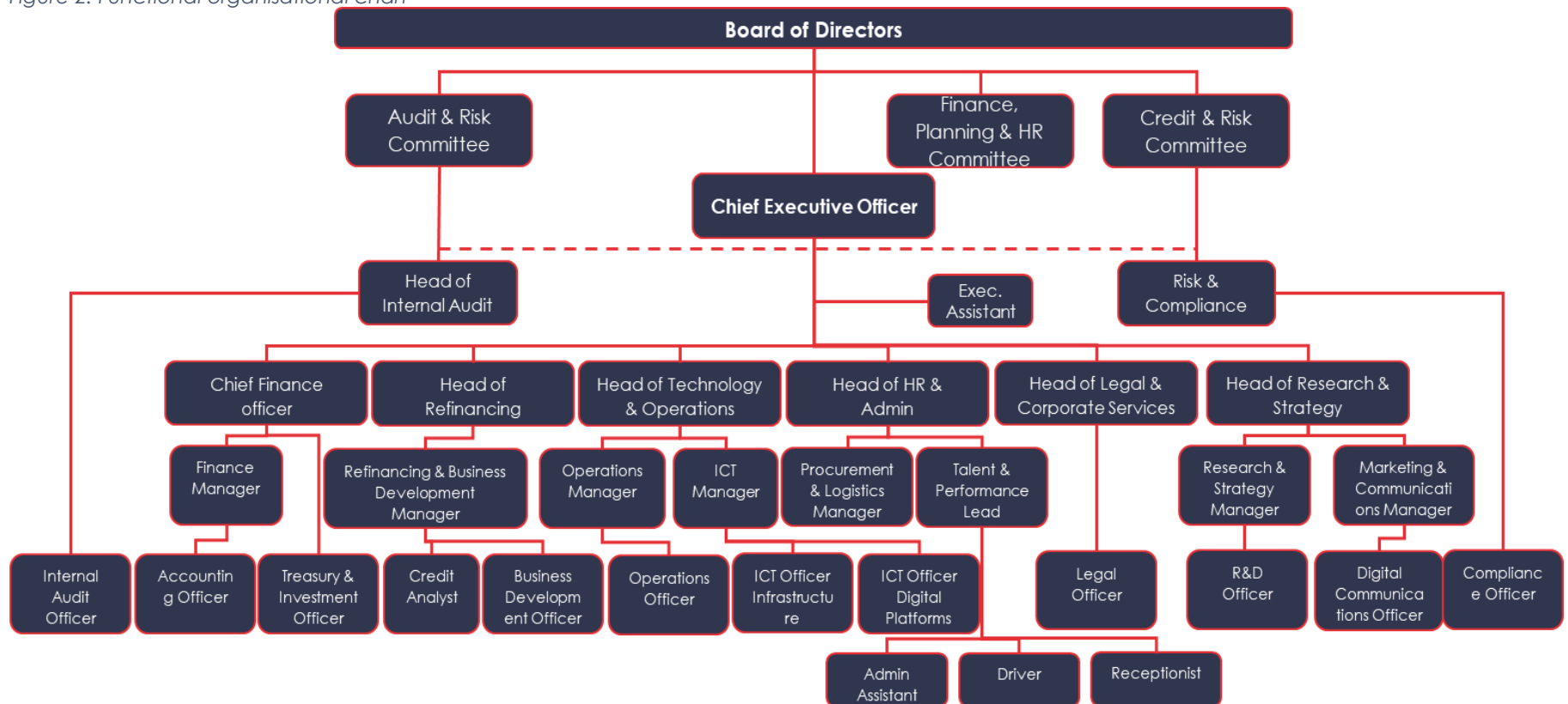
6.1 Employees

As at 31st December 2025, KMRC had a total workforce of twenty-five employees.

6.2 Organisational Structure

The current high-level functional organisational structure of KMRC is as shown by the following chart.

Figure 2: Functional organisational chart



Source: KMRC

6.3 Business Strategy

KMRC continues to implement its five-year strategic plan for the period 2024–2029, which sets out its purpose and strategic direction. The Plan is underpinned by six key strategic pillars: **Financial Growth and Sustainability, Research and Development, Governance, Technology and Innovation, Strategic Partnerships, and Marketing and Communication**. These pillars integrate the critical elements required to support KMRC's continued growth and long-term success over the strategic plan period.

6.3.1 Financial Growth and Sustainability

Within this strategic pillar, KMRC is committed to undertaking initiatives aimed at strengthening its financial sustainability. To achieve this objective, the Company will focus on:

- **Diversification of Funding Sources** – developing a strategy to expand funding sources beyond current dependencies and ensure flexibility to adapt to evolving market demands and economic conditions.
- **Revenue Growth and Optimization** – achieving 30.9% CAGR growth in total revenue between 2024 and 2029 through strategic market positioning and customer segmentation.
- **Lending to Non-Shareholders** – expanding lending to prudentially regulated primary lenders that were previously not eligible as participating primary mortgage lenders.
- **Operational Efficiency and Cost Optimisation** – implementing robust cost management initiatives and streamlining operational processes to meet or exceed profitability targets consistently.
- **Risk Management Framework Enhancement** – safeguarding financial stability through proactive risk management practices.
- **Customer-Centric Approach** – developing and executing a comprehensive revenue growth strategy aligned with market opportunities and economic forecasts to ensure profitability targets are met.
- **Sustainability and Corporate Responsibility** – aligning business practices with environmental, social and governance principles.

6.3.2 Research and Development

Research and development activities at KMRC drive innovation by enabling the creation of solutions that meet evolving market needs, explore new opportunities and adapt products for diverse demographics. These activities foster revenue growth, mitigate risks and reduce vulnerability to market disruptions. Under this pillar, KMRC will focus on:

- **Customer-Centric Innovation** – delivering personalised and efficient solutions to Primary Mortgage Lenders to improve satisfaction and operational efficiency.
- **Data Analytics and Management** – leveraging data to drive strategic decision-making, mitigate risks and optimise refinancing opportunities for Primary Mortgage Lenders.
- **Product Development and Diversification** – expanding and diversifying mortgage refinancing product offerings to meet the varied needs of Primary Mortgage Lenders.

6.3.3 Governance

KMRC is committed to upholding the highest standards of transparency, accountability and sound decision-making. In furtherance of this commitment, KMRC will implement initiatives aimed at

strengthening its governance framework, risk management practices, regulatory compliance and institutional effectiveness. These include:

- **Enhancement of Board Effectiveness and Oversight** – strengthening governance structures to support strategic direction, effective oversight and accountability.
- **Implementation of a Robust Risk Management Framework** – safeguarding the Company against financial, operational, regulatory and other material risks.
- **Compliance and Regulatory Excellence** – ensuring adherence to applicable regulatory requirements, internal policies and industry standards.
- **Ethical Standards and Corporate Integrity** – upholding high ethical standards and promoting a culture of integrity throughout the organization.
- **Continuous Improvement and Best Practices** – driving organizational excellence through continuous learning, process improvement and adoption of best practices.
- **Human Capital Governance and Institutional Capacity** – supporting the acquisition, motivation and retention of talent through competitive compensation, career development opportunities, recognition programmes and an inclusive work environment that encourages teamwork and innovation.

6.3.4 Technology and Innovation

KMRC plans to stay ahead of evolving customer preferences and industry trends by embracing innovative technologies and continuously improving its products and services. The initiatives supporting this strategic pillar include:

- **Advanced Technology Integration** – leveraging technologies such as machine learning, blockchain and automation to optimize processes, improve accuracy and enhance customer experience.
- **AI-Powered Mortgage Assessment and Approval** – enhancing operational efficiency through advanced digital solutions.
- **Blockchain for Secure and Transparent Transactions** – piloting blockchain technology for secure document management, smart contracts for automated loan terms execution and transparent transaction tracking to reduce administrative costs.
- **Enhanced Customer Experience through Digital Channels** – providing seamless and personalized customer interactions throughout the mortgage lifecycle.
- **Data Analytics for Predictive Insights** – optimizing risk management and lending decisions through advanced data analytics.
- **Robotic Process Automation for Operational Efficiency** – deploying robotic process automation solutions to automate mortgage processing tasks, freeing up staff for higher-value activities and reducing turnaround times.
- **Cybersecurity and Data Privacy Enhancements** – enhancing cybersecurity protocols through continuous monitoring, encryption technologies and employee training programmes to mitigate cyber threats and build customer trust.

6.3.5 Strategic Partnerships

Strategic partnerships will enable KMRC to access new markets and customer segments. By building alliances with organisations across different regions and sectors, KMRC can broaden its market

presence, enhance brand visibility and tap into new growth opportunities. To support this pillar, KMRC will pursue:

- **Partnerships and Collaborations** – fostering partnerships to leverage external expertise and technology advancements for innovative refinancing solutions.
- **Stakeholder Engagement and Transparency** – building trust and maintaining transparent communication with stakeholders.
- **Fintech Collaboration** – partnering with fintech firms to pioneer innovative refinancing solutions and technological advancements tailored for Primary Mortgage Lenders.
- **Academic and Industry Research** – engaging in collaborative research initiatives to drive continuous innovation and stay ahead of industry trends.
- **Government and Regulatory Engagement** – advocating for favourable policies and ensuring compliance readiness with regulatory bodies to support sustainable growth and operational stability.
- **Strategic Alliances** – forming strategic alliances with industry leaders and stakeholders to expand market reach and enhance service capabilities.
- **Ecosystem Development** – building a collaborative ecosystem that fosters innovation, efficiency and value creation for Primary Mortgage Lenders.

6.3.6 Marketing and Communication

Effective marketing and communication strategies are essential for KMRC to attract customers, build trust, strengthen brand loyalty, drive business growth and differentiate itself in a competitive market. The initiatives supporting this pillar include:

- **Market Expansion and Product Innovation** – expanding market reach and portfolio offerings to capture diverse customer segments.
- **Brand Positioning and Visibility** – establishing a strong market presence and brand reputation within the mortgage refinancing sector.
- **Digital Marketing and Online Presence** – leveraging digital platforms to enhance visibility and engage effectively with Primary Mortgage Lenders and their borrowers.
- **Customer Relationship Management** – strengthening relationships with Primary Mortgage Lenders through personalized communication and engagement.
- **Thought Leadership and Educational Initiatives** – educating and informing Primary Mortgage Lenders about industry trends, regulatory changes and refinancing opportunities.
- **Reputation Management and Customer Feedback** – monitoring and enhancing the Company's reputation while gathering actionable insights from Primary Mortgage Lenders.

6.4 KMRC Sustainable Development Strategy

KMRC's Sustainability Strategy for 2024–2029 embeds Environmental, Social and Governance (ESG) principles across all facets of the business, aligning with the UN Global Compact (UNGC), the Sustainable Development Goals (SDGs) and Kenya's national development agenda including Vision 2030 and the Green Economy Strategy.

KMRC's vision is to sustainably promote homeownership, with sustainability positioned not as a compliance exercise but as a driver of long-term resilience, financial performance and societal impact. The strategy is designed to align KMRC's capital flows and refinancing criteria with low-carbon, climate-

resilient housing development and to position the company as a transformative force within Kenya's housing finance ecosystem.

Operating at a system level within Kenya's housing finance market, the company embeds sustainability directly into refinancing decisions. This approach influences both the availability of mortgage finance and the quality, resilience, and inclusiveness of the housing stock being financed.

The Company's sustainability commitments revolve around **eight overarching objectives**, which inform implementation, performance monitoring, and alignment with international standards:

- Integrating ESG and UNGC principles into governance and operations;
- Advancing six priority SDGs (SDG 6 (Clean Water & Sanitation), SDG 7 (Clean Energy), SDG 8 (Decent Work), SDG 11 (Sustainable Cities), SDG 13 (Climate Action) and SDG 17 (Partnerships));
- Building long-term financial resilience by attracting green and concessional capital;
- Expanding social impact through inclusive housing finance;
- Promoting environmental responsibility and green building standards;
- Embedding climate risk into credit and portfolio models;
- Fostering multi-stakeholder partnerships; and
- Committing to continuous improvement through measurable KPIs and recognized reporting frameworks (Global Reporting Initiative (GRI), International Financial Reporting Standards (IFRS S1 & S2)).

These objectives provide the strategic foundation for the Material Sustainability Priorities described below.

Material Sustainability Priorities

Based on a formal materiality assessment conducted in 2022⁴, and supported by stakeholder engagement across the housing finance ecosystem, **the Sustainability Strategy focuses on seven validated material sustainability topics**. These priorities reflect the structural conditions of the sector, the risks KMRC manages, and the market outcomes it is positioned to influence.

Sustainable Finance & Climate Action sits at the core of the strategy, grounded in the recognition that climate risk is credit risk. The value, insurability, and long-term performance of mortgage collateral are fundamentally influenced by environmental conditions. KMRC will introduce green, social, and sustainable mortgage products linked to green building standards, using its role as a wholesale liquidity provider to shift the entire value chain toward more sustainable construction. Concrete commitments include reaching net-zero by 2029, reducing its carbon footprint and paper waste by 20%, and embedding Environmental and Social Risk Assessments into all lending decisions.

Housing Impact is where KMRC's development mandate meets its core business function, translating wholesale liquidity into real outcomes for Kenyan families. The strategy expands affordability through long-tenor, fixed-rate mortgages, supports PMLs in reaching underserved segments, and strengthens borrower resilience through financial literacy and improved credit tools. Affordability and climate integrity are pursued together, not as competing priorities. New products in development include green

⁴ KMRC published the results of the 2022 materiality assessment in its Annual Integrated Report 2023, which includes the validated material topics and the methodology used. The materiality outcomes are also reflected in the Sustainability Strategy.

mortgages, Sharia-compliant offerings, and incentives targeting women, youth, and persons with disabilities.

Leadership & Governance provides the structural foundation for the entire strategy. The Board maintains rigorous oversight of ESG risks and long-term direction, while robust internal controls and compliance frameworks reflect the company's dual identity as both a capital-markets issuer and a public-interest development institution. A dedicated management ESG committee will be established and sustainability embedded into the Board's Terms of Reference.

Partnerships are treated as mission critical. KMRC's impact is only as strong as the ecosystem around it, requiring coordinated action across PMLs, regulators, development finance institutions, and government agencies. The strategy focuses on building trust-based relationships that strengthen the mortgage value chain, crowd in concessional capital, and position KMRC as a convenor helping align the entire housing finance ecosystem.

Employee Welfare is both a social obligation and a strategic enabler in a technical, risk-sensitive sector. The strategy builds a skilled, motivated workforce through fair employment practices, continuous development, and wellness initiatives. Commitments include achieving 50/50 gender balance, advancing opportunities for marginalized groups, and maintaining a transparent, performance-linked reward framework.

Customer Experience reflects the understanding that end-borrower experience is the ultimate measure of refinancing impact. KMRC promotes transparent mortgage terms, predictable fixed-rate payments, and improved credit assessments — encouraging PMLs to adopt customer-centric approaches and tracking satisfaction against a target of 75%.

Corporate Social Investment & Community Impact acknowledges that KMRC's societal footprint extends beyond its core mandate. CSI initiatives focus on financial literacy, vocational training, and a Training of Trainers model that equips PMLs to educate first-time and informal-sector borrowers. These programs deepen community trust, strengthen KMRC's social license to operate, and are disclosed annually in the sustainability report.

Sustainability Priorities, Targets & KPIs

Table 4: KMRC Sustainability Priorities, Targets & KPIs

Material Priority	Strategic Targets / Objectives 2024-2029	Illustrative KPIs
Sustainable Finance & Climate Action	<ul style="list-style-type: none"> Issuance and refinancing of green, social and sustainable mortgages. Integrate climate risk screening into lending and refinancing processes. 	<ul style="list-style-type: none"> Percentage of KMRC refinanced loans meeting defined eligibility criteria. Number of PMLs applying climate risk due diligence. Value/volume of green/social/sustainable mortgage products introduced.
Housing Impact	<ul style="list-style-type: none"> Expand affordability through long tenor, fixed rate mortgages. Increase access for low- and middle-income households. Strengthen borrower resilience through responsible lending and financial literacy. 	<ul style="list-style-type: none"> Percentage of refinanced loans benefiting low/middle income borrowers. Average mortgage tenor of refinanced loans

Material Priority	Strategic Targets / Objectives 2024-2029	Illustrative KPIs
Leadership & Governance	<ul style="list-style-type: none"> Strengthen governance oversight of ESG risks. Enhance transparency and alignment with global sustainability reporting standards. Maintain disciplined risk management and compliance systems. 	<ul style="list-style-type: none"> Number of ESG oversight sessions by Board/committees. ESG disclosures published annually aligned to international standards. Corporate Governance assessment rating (Regulatory rating score)
Partnerships	<ul style="list-style-type: none"> Deepen collaboration with PMLs, regulators, DFIs, and industry bodies. Support sector reforms promoting long tenor housing finance. Catalyze private and concessional capital for affordable housing. 	<ul style="list-style-type: none"> Number of PMLs trained on E&S and housing finance practices. Capital mobilized through partnerships (KES or USD). Number of joint initiatives with government/DFIs/regulators etc
Employee Welfare	<ul style="list-style-type: none"> Strengthen staff skills in ESG, risk, and sustainable finance. Promote employee wellbeing, inclusion, and ethical culture. Build an institutional structure that supports KMRC's long term mandate. 	<ul style="list-style-type: none"> Percentage staff completing sustainability/ESG training annually. Retention rate and gender diversity ratios. Number of staff participating in professional development programs. Employee satisfaction or engagement score
Customer Experience	<ul style="list-style-type: none"> Enhance end borrower experience across affordability, transparency, and repayment predictability. Promote customer centric lending standards among PMLs. Improve service quality monitoring across the refinancing value chain. 	<ul style="list-style-type: none"> Uptake of fixed rate mortgages refinanced through KMRC.
Corporate Social Investment (CSI) & Community Impact	<ul style="list-style-type: none"> Support CSI initiatives aligned with housing, resilience, and financial inclusion. Build community trust and strengthen social license. Expand impact driven programs benefiting previously underserved communities. 	<ul style="list-style-type: none"> Number of CSI projects implemented per year. Community beneficiaries reached (e.g., training, awareness programs).

Key Enablers

Delivery of the strategy is supported by:

- Development and board-approval of sustainability and ESG-related policies;
- Integration of sustainability into the business model and new product approval processes;

- Dedicated budgets and resources;
- A culture of awareness and continuous learning;
- ESG champions across the organization; and
- Transparent sustainability reporting aligned to recognized disclosure standards.

The Sustainability Strategy, including detailed objectives, targets, and implementation actions, is available at <https://www.kmrc.co.ke/resource/kmrc-sustainability-strategy>.

7 UPDATED CORPORATE GOVERNANCE AND MANAGEMENT

7.1 Board of Directors and Company Secretary

The Board of Directors is responsible for the governance of the Issuer and comprises seven non-executive directors and the Chief Executive Officer. The summary profiles of the directors of KMRC's Board, together with the Company Secretary, are set out below:

Table 5: KMRC Board of Directors and Company Secretary

Name	Summary Profile
<p>Dr. Haron Sirima, OGW, EBS Chairman of the Board</p>	<p>Dr. Sirima, OGW, EBS is the immediate former Director-General of the Public Debt Management Office at the National Treasury. Prior to this role, he served as Deputy Governor of the Central Bank of Kenya and Vice-Chairman of the Monetary Policy Committee. He has also previously held the positions of Deputy Director in the Management Department at the Ministry of Finance and Adjunct Professor at Jomo Kenyatta University of Agriculture and Technology.</p> <p>Dr. Sirima has been involved in the design and implementation of public debt management reforms, including the development of the legal and institutional framework for public finance management at the National Treasury. His career reflects extensive expertise in macroeconomic policy, public finance, and financial sector governance.</p> <p>He holds a Bachelor of Arts in Economics and a Bachelor of Philosophy in Economics from the University of Nairobi, a master's degree in economics from the University of Manchester, and a PhD in Entrepreneurship from Kenyatta University. In addition, he has undertaken extensive professional training in monetary policy operations, foreign exchange reserves management, sovereign debt, and strategic management.</p>
<p>Mrs. Susan Maira Independent & Non-Executive Director</p>	<p>Mrs. Maira is a practicing lawyer with over 30 years' experience in the legal profession. She is the Managing Partner at Maira & Ndegwa Advocates. Prior to that she worked as an Associate Advocate at different law firms including K. Mwaura and Co. Advocates and Birech & Co. Advocates.</p> <p>She holds a Master of Arts degree in Leadership from Pan African Christian University, a bachelor's degree in law from the University of Nairobi and a Diploma in Law from the Kenya School of Law.</p>
<p>Mrs. Anastacia Kintai Non-Executive Director</p>	<p>Mrs. Kintai is currently the Managing Director of KCB Bank Kenya Ltd. An astute career banker with over 25 years' experience in banking, 12 of them in senior management roles in strategic leadership and business development, she is a knowledgeable, dynamic and results oriented strategic thinker.</p> <p>She holds a master's degree in business administration & strategic management, a Master of Arts degree in Rural Economics and Cooperation, and a Bachelor of Arts degree in Community Development, Economics and Rural Banking. She is a Certified Executive Coach from the Academy of Executive Coaching (AOEC). She is a graduate of the Senior Executive Program for Africa (SEPA) from Harvard University and the</p>

Name	Summary Profile
	Global Executive Development Program from Gordon Institute of Business Science.
<p>Mr. Robert Kibaara Non-Executive Director</p>	<p>Mr. Kibaara is currently the Group Chief Executive Officer of HFC Group Limited. A renowned banker, with over 24 years' experience and an excellent record of accomplishments in successfully driving change, revenue mobilization and delivering outstanding business results, he has previously held several leadership positions including Retail Director at NIC Bank; Executive Director - Retail and Business Banking at National Bank of Kenya; General Manager - Integrated Distribution for Southern Africa and General Manager Personal Banking & New Business at Standard Chartered Bank; among other executive positions at Barclays Bank of Kenya.</p> <p>He holds an MBA degree from Strathmore University, a bachelor's degree in Banking and Finance from the University of Sunderland (UK) and a Post Graduate Diploma from the Chartered Institute of Marketing (CIM) UK.</p>
<p>Mr. Asman Kiloh Khatolwa, I-CUDE, ADE Non-Executive Director</p>	<p>Mr. Khatolwa has over 25 years' experience in Kenya Power & Lighting Co. Ltd and is currently in charge of Distribution, Construction and Wayleaves in Kajiado County. He was elected to the Board of Stima Sacco in 2015 and in April 2017 he was elected to serve as the Honorary Secretary to the Board, a position he holds to date. Khatolwa previously served as the Chair of Private Sugar Cane Growers Association in Mumias Sugar Belt.</p> <p>He holds an MBA and B/Com (Operations Management) from the University of Nairobi. In addition, he has a Diploma in Social Protection from ARLAC (African Regional Labour College – Harare) and is a Certified Public Accountant [CPA]. He has been involved in several Collective Bargain Agreement negotiations. Mr. Khatolwa is an I-CUDE (Certified International Credit Union Development Educator) from the World Council of Credit Unions (WOCCU) and an ADE (African Development Educator) by African Confederation of Credit Unions (ACCOSCA). He is a member of the Operations Management Society of Kenya.</p>
<p>Mrs. Jane Mwangi Independent & Non-Executive Director</p>	<p>Mrs. Mwangi is an advocate of over twenty-five years and currently the Managing Partner of Robson Harris Advocates LLP. She is a Certified Governance Auditor, Certified Secretary, Notary Public, Commissioner for Oaths, Arbitrator, Legal Auditor and Certified Patent Agent.</p> <p>Mrs. Mwangi holds a Master of Laws degree in International Business Law (LLM) from the University of Hull (UK), a Bachelor of Laws degree University of Nairobi (LLB) and a Diploma of Laws from the Kenya School of Law. She is a member of the Law Society of Kenya (LSK) Chartered Institute of Arbitrators (UK) (Kenya Chapter) Institute of Certified Secretaries, East African Law Society, ICJ (Kenya Chapter), Women on Board Network (WOBN) women's corporate Directors (WCD) and FIDA. Away from the office, Mrs. Mwangi provides mentorship to upcoming women lawyers. She is also involved in a number of charity and community projects including support for education.</p>

Name	Summary Profile
<p>Mr. Alain Michel Nounke Non-Executive Director</p>	<p>Mr. Nounke is currently the Regional Industry Manager, Financial Institutions Group, Turkey and Central Asia at International Finance corporation (IFC). Mr. Nounke holds an MBA from Brunel University, London - England, a master's degree (DEA) in Economics of the Firm from University of Yaoundé - Cameroon and has undertaken executive training at the Center for Creative Leadership, San Diego, USA and with Citibank, Johannesburg, London & South Africa.</p>
<p>Mr. Johnstone Oltetia Chief Executive Officer and Managing Director</p>	<p>Johnstone Oltetia (JO) is the Chief Executive Officer of the Kenya Mortgage Refinance Company (KMRC), where he successfully led the Company's establishment and full operationalization. Under his leadership, KMRC was capitalized, structured, and positioned as a catalytic institution for expanding access to affordable housing finance through long-term refinancing of primary mortgage lenders. He has overseen KMRC's growth, including capital mobilization, and the establishment of robust governance, risk management, and operational frameworks aligned with international best practice.</p> <p>Mr. Oltetia has over 25 years of distinguished experience in financial sector leadership and public policy. He previously served as Senior Financial Sector Adviser at the National Treasury of Kenya, where he spearheaded key policy reforms and contributed to the development of market-enabling frameworks across banking, capital markets, pensions, and development finance. Prior to this, he served as Manager, Market Supervision at the Capital Markets Authority, overseeing listed companies, securities exchanges, central securities depositories, asset managers, investment banks, stockbrokers, and investment advisers, among others.</p> <p>With a deep understanding of financial markets and structured finance, Mr. Oltetia is widely recognized for his ability to translate policy objectives into commercially viable solutions, mobilize capital, and build strong partnerships across government, regulators, development finance institutions, and the private sector.</p> <p>He holds relevant academic and professional qualifications in finance and management, complemented by executive leadership and corporate governance training from leading institutions including Harvard Business School, IESE Business School, and Yale School of Management.</p> <p>Mr. Oltetia is a respected voice in housing finance and financial sector development forums at national, regional, and international levels.</p>
<p>Ms. Josephine Kang'ong'a Company Secretary</p>	<p>Josephine Kang'ong'a is the Head of Legal and Corporate Services at the Kenya Mortgage Refinance Company (KMRC), where she is responsible for providing strategic legal counsel to the Executive Management and the Board, ensuring legal and regulatory compliance, and overseeing the identification and management of legal risks. She also serves as Company Secretary, supporting effective corporate governance and Board processes.</p> <p>An Advocate of the High Court of Kenya, Josephine brings extensive experience in corporate governance, policy analysis and advocacy,</p>

Name	Summary Profile
	<p>legislative drafting, and capital markets regulation. Prior to joining KMRC, she served as Manager, Legal Framework, Responsiveness and Analysis at the Capital Markets Authority, where she led the development of legal and regulatory frameworks to support market development, financial innovation, and regional integration within Kenya and the East African Community. She has also previously served as a Parliamentary Counsel in the Office of the Attorney General and in private legal practice.</p> <p>Josephine holds a Bachelor of Laws (LLB) degree from the University of Nairobi and a Master of Laws (LLM) from the University of Southampton. She is a Certified Public Secretary, Notary Public, Commissioner for Oaths, and an LSK-accredited Legal and Compliance Auditor. Her professional development includes executive training in securities and investment regulation, policy analysis, and leadership from institutions such as the Toronto Centre, Georgetown University, and Strathmore Business School. She is a member of the Law Society of Kenya and the Institute of Certified Secretaries.</p>

7.2 Senior Management

The summary profiles of the Issuer's management are as follows:

Table 6: KMRC Senior Management

Name	Summary Profile
<p>Mr. Johnstone Oltetia Chief Executive Officer</p>	<p>Johnstone Oltetia (JO) is the Chief Executive Officer of the Kenya Mortgage Refinance Company (KMRC), where he successfully led the Company's establishment and full operationalization. Under his leadership, KMRC was capitalized, structured, and positioned as a catalytic institution for expanding access to affordable housing finance through long-term refinancing of primary mortgage lenders. He has overseen KMRC's growth, including capital mobilization, and the establishment of robust governance, risk management, and operational frameworks aligned with international best practice.</p> <p>Mr. Oltetia has over 25 years of distinguished experience in financial sector leadership and public policy. He previously served as Senior Financial Sector Adviser at the National Treasury of Kenya, where he spearheaded key policy reforms and contributed to the development of market-enabling frameworks across banking, capital markets, pensions, and development finance. Prior to this, he served as Manager, Market Supervision at the Capital Markets Authority, overseeing listed companies, securities exchanges, central securities depositories, asset managers, investment banks, stockbrokers, and investment advisers, among others.</p> <p>With a deep understanding of financial markets and structured finance, Mr. Oltetia is widely recognized for his ability to translate policy objectives into commercially viable solutions, mobilize capital, and build strong partnerships across government, regulators, development finance institutions, and the private sector.</p>

Name	Summary Profile
	<p>He holds relevant academic and professional qualifications in finance and management, complemented by executive leadership and corporate governance training from leading institutions including Harvard Business School, IESE Business School, and Yale School of Management.</p> <p>Mr. Oltetia is a respected voice in housing finance and financial sector development forums at national, regional, and international levels.</p>
<p>Mr. Nyale Yanga Chief Finance Officer</p>	<p>Nyale Yanga is the Chief Finance Officer at the Kenya Mortgage Refinance Company (KMRC), where he is responsible for the effective management of the Company's financial resources and the provision of strategic financial and investment advice. His role includes overseeing capital raising, budgeting, and asset management, as well as implementing the Company's financial policies and procedures.</p> <p>He brings extensive experience in capital markets development and regulation. Prior to joining KMRC, Nyale served as Senior Manager, Market Supervision at the Capital Markets Authority (CMA), where he was responsible for overseeing regulated entities in accordance with capital markets laws. He also held the roles of Manager, Corporate Approvals, and Head of Financial Analysis at the Authority.</p> <p>Nyale has served as a Council Member of the Institute of Certified Public Accountants of Kenya (ICPAK), Chair of the Market Supervision and Risk Management Committee of the East Africa Securities Regulators Authorities, and a Member of the Registration Committee of the Institute of Certified Investments and Financial Analysts (ICIFA).</p> <p>He holds a Master of Business Administration (MBA) in Finance and a Bachelor of Commerce (BCom) degree from the University of Nairobi. He is a Certified Public Accountant (CPA), a Certified Secretary finalist, holds the Chartered Institute for Securities & Investments (CISI) Level II certification, and earned a Graduate Certificate in Capital Markets Development from The George Washington University (USA). Nyale is a member of ICPAK and ICIFA, and an alumnus of the IFC–Milken Institute.</p>
<p>Ms. Josephine Kang'ong'a Head of Legal and Corporate Services</p>	<p>Josephine Kang'ong'a is the Head of Legal and Corporate Services at the Kenya Mortgage Refinance Company (KMRC), where she is responsible for providing strategic legal counsel to the Executive Management and the Board, ensuring legal and regulatory compliance, and overseeing the identification and management of legal risks. She also serves as Company Secretary, supporting effective corporate governance and Board processes.</p> <p>An Advocate of the High Court of Kenya, Josephine brings extensive experience in corporate governance, policy analysis and advocacy, legislative drafting, and capital markets regulation. Prior to joining KMRC, she served as Manager, Legal Framework, Responsiveness and Analysis at the Capital Markets Authority, where she led the development of legal and regulatory frameworks to support market development, financial innovation, and regional integration within Kenya and the East African</p>

Name	Summary Profile
	<p>Community. She has also previously served as a Parliamentary Counsel in the Office of the Attorney General and in private legal practice.</p> <p>Josephine holds a Bachelor of Laws (LLB) degree from the University of Nairobi and a Master of Laws (LLM) from the University of Southampton. She is a Certified Public Secretary, Notary Public, Commissioner for Oaths, and an LSK-accredited Legal and Compliance Auditor. Her professional development includes executive training in securities and investment regulation, policy analysis, and leadership from institutions such as the Toronto Centre, Georgetown University, and Strathmore Business School. She is a member of the Law Society of Kenya and the Institute of Certified Secretaries.</p>
<p>Ms. Florah Muthaura Head of Risk and Compliance</p>	<p>Florah Muthaura has served as the Head of Risk, Compliance & Sustainability since June 2020, providing strategic leadership in embedding enterprise risk management, regulatory compliance, and sustainability across the institution's operations. She is responsible for overseeing the implementation of KMRC's Risk Management Policy Framework and Environmental, Social and Governance (ESG) Strategy, ensuring that key risks—including credit, market, liquidity, operational, and emerging sustainability risks—are effectively identified, assessed, monitored, and managed in line with Board-approved policies and global best practices.</p> <p>With over 17 years of experience in sustainability, financial management, enterprise risk management, and compliance within the financial services sector, Ms. Muthaura brings deep expertise in integrating ESG considerations into core business processes. She has a strong track record in designing and implementing risk frameworks, strengthening governance structures, and building institutional capacity through controls integration, audit alignment, and process optimization. Her experience spans asset and fund management, securities investment, and development finance, with exposure to global standards including IFC Performance Standards and internationally recognized ESG reporting frameworks.</p> <p>Prior to joining KMRC, Ms. Muthaura held senior risk and compliance roles at leading financial institutions. These include Old Mutual Group, where she served as a Risk and Compliance Specialist, and Standard Chartered Bank, where she was a Finance Operational Risk Manager, playing a key role in strengthening financial controls and operational risk governance across Africa. She also served in the public sector at the Privatization Commission of Kenya, contributing to risk oversight and compliance within national privatization programmes.</p> <p>Ms. Muthaura holds a Master of Business Administration (MBA) in Strategic Management from the University of Nairobi and a Bachelor of Commerce degree in Actuarial Science from Kenyatta University. She is a Certified Public Accountant of Kenya (CPA-K) and a certified professional member of the Institute of Risk Management (IRM). She is also a member of the</p>

Name	Summary Profile
	<p>Institute of Certified Public Accountants of Kenya (ICPAK) and the Association of Women Accountants of Kenya (AWAK).</p> <p>In addition, Ms. Muthaura is a Certified Sustainability Professional under the Global Reporting Initiative (GRI) and a graduate of the Senior Management Leadership Programme (SMLP), jointly delivered by Strathmore University and Nanyang Technological University, Singapore.</p>
<p>Mr. Geoffrey Mwaura Head of Refinancing</p>	<p>Geoffrey Mwaura has been the Head of Refinancing since June 2020. As the Head of Credit, Geoffrey is instrumental in developing & growing the refinancing business, implementation of the credit policy and sound risk management practices.</p> <p>Geoffrey has over 25 years practical industry experience in housing finance. Prior to joining the Issuer, he was the head of credit administration and previously, head of collections and credit manager at HF Group. He has extensive experience in credit management and has held several leadership positions in the banking industry. His areas of expertise include but not limited to credit appraisal, debt restructuring, portfolio management and project management.</p> <p>Geoffrey holds a master's degree in business administration (Nexford University, USA), B.com (Banking & Finance) from Kenyatta University, CPA 2, Certified Hay Job Evaluator, PRINCE2 Practitioner Certificate in Project Management from APM Group UK, and a certificate in Sustainable Finance from University of Cambridge. He is also a graduate of senior management leadership program (SMLP) from Strathmore University & Nanyang University – Singapore.</p>
<p>Ms. Olive M. Gitau Head of Internal Audit</p>	<p>Olive Gitau is the Head of Internal Audit, responsible for providing an independent, objective assurance and consulting activity designed to add value and improve KMRC's operations. She assists the Board and Senior Management in protecting the assets, reputation and sustainability of KMRC by evaluating and improving the effectiveness of risk management, internal controls and governance processes.</p> <p>Olive has over 16 years' professional experience in implementing effective internal controls, developing practical risk management techniques, collaborating with stakeholders to establish appropriate governance processes and advising on public finance management.</p> <p>Prior to joining KMRC, she worked with the Central Bank of Kenya as a Senior Internal Auditor for over fourteen years. She has been a regional trainer of Risk Management and Internal Controls courses at the Kenya School of Monetary Studies (KSMS) and at Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), a regionally owned institute currently with 14 member countries. She also gained experience in tax administration at the Kenya Revenue Authority for close to three years. Her exposure and contribution as a Trustee at the</p>

Name	Summary Profile
	<p>Banki Kuu Pension Scheme informed strategic financial and investment decisions growing the fund value by more than 300% in a span of 5 years.</p> <p>She holds a Master of Business Administration (MBA) degree in Operations Management from the University of Nairobi and a Bachelor of Commerce Degree in Finance from Catholic University of Eastern Africa. She is a Graduate Fellow in Operational Risk Management (ORM) from MEFMI. She is a Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA), PRINCE2® certified practitioner, Certified Risk Professional through Risk Certification Program (RCP) by Global Association of Risk Professionals (GARP) and Certified Trustee under the Trustee Development Program of Kenya by RBA through College of Insurance. She is also a member of ICPAK, ISACA, Institute of Internal Auditors (IIA) and Association of Women Accountants of Kenya (AWAK).</p>
<p>Mr. Daniel Saruni Lelekoitien Head of Human Resources and Administration</p>	<p>Daniel Lelekoitien is the Head of Human Resources and Administration, responsible for the management of the day-to-day operations of all HR administrative matters. With over 20 years cross industry experience, holding Strategic leadership and operational positions, Mr. Lelekoitien has a wealth of experience in human resources and administration in public and private sectors.</p> <p>Prior to joining the KMRC, Lelekoitien worked as the Deputy Director Human Resources Management at the Kenya Medical Research Institute (KEMRI). He also served as the Head of HR and Administration at Kenya Marine and Fisheries Research Institute (KMFRI) as well as Ewaso Ng'iro South River Basin Development Authority (ENSDA).</p> <p>While at ABSA (formerly Barclays bank of Kenya), Mr. Lelekoitien served as HR advisor-employee relations and resource coordinator-retail banking. He also worked at Kenya Wildlife Service (KWS) and at Pride Africa-Sunlink a Micro Finance Institution.</p> <p>He holds a master's degree in business administration (Strategic Management) from the University of Nairobi and a Bachelor of Commerce degree, Marketing option from Kenyatta University. He also has a Post Graduate Diploma in Human Resource Management from the University of Nairobi, in addition to being a member of the Institute of Human Resource Management (IHRM).</p> <p>Mr. Lelekoitien is a Certified Human Resource Professional (CHRP(K) from the College of Human Resource Management Kenya. In addition, he is a full member of the Institute of Human Resource Management (IHRM) and holder of HR Practicing Certificate.</p>
<p>Ms. Deborah K. Masara Ag. Head of Technology & Operations</p>	<p>Deborah Masara is the Ag. Head of Technology & Operations. As the Ag. Head of Technology & Operations she is responsible for implementing the company ICT strategy, development and implementation of ICT policy and procedures, supervising the implementation and maintenance of the</p>

Name	Summary Profile
	<p>company's ICT infrastructure as well as planning and budgeting for the ICT department.</p> <p>Deborah has over 13 years' experience in designing, developing, implementing and deploying ICT systems, having previously worked at Attain Enterprise Solutions LTD where she was the head of implementation and support. She has successfully implemented ICT systems in the financial services sector, public sector, education sector, pension and asset management sector and NGOs. Deborah also has project management experience having managed many ICT projects. Deborah is a member of the Information Systems Audit and Control Association (ISACA).</p> <p>Deborah holds a Master of Business Administration (MBA) degree in Management of Information Systems from Kenyatta University and a Bachelor of Science Degree in Software Engineering from Kenyatta University.</p>
<p>Mr. Josea K. Cheruiyot</p> <p>Ag. Head of Research & Strategy</p>	<p>Josea Cheruiyot is the Acting Head of Research and Strategy at the Kenya Mortgage Refinance Company (KMRC), where he leads the development and execution of the Company's research, strategy, marketing, and communications agenda.</p> <p>Mr. Cheruiyot joined KMRC in February 2024 as Research and Strategy Lead. He has significant experience in financial markets development, policy research, and strategic analysis, gained through senior roles in both the private and public sectors. Prior to KMRC, he served as Senior Research and Policy Officer at the Kenya Bankers Association, Centre for Research on Financial Markets and Policy where he contributed to policy advocacy and research in the banking sector. He also previously served at the Export Promotion Council, now the Kenya Export Promotion and Branding Agency.</p> <p>He has made notable contributions to national policy and reform initiatives in Kenya. He served on the National Taskforce Technical Working Committee for the Design, Development and Implementation of the Tea Industry Price Stabilization Framework under the Ministry of Agriculture, Livestock, Fisheries and Cooperatives. He also served on the Technical Working Group on Financial Sector Reforms, contributing to efforts to strengthen Kenya's Credit Information System. In addition, he has served as Researcher for the African Economic Research Consortium (AERC), where he contributed to research in the areas of finance and resource mobilization.</p> <p>He holds a Master of Arts in Economics and a First-Class Honours bachelor's degree in economics and is currently pursuing a Doctor of Philosophy (PhD) in Economics at the University of Nairobi. He is also a graduate of the Senior Management Leadership Programme (SMLP) from Strathmore University and Nanyang Technological University, Singapore, and has undertaken specialized training in non-experimental impact</p>

Name	Summary Profile
<p>Mr. Gideon Rutto Procurement and Logistics Manager</p>	<p>analysis and gender analysis in economic policy research from the Partnership for Economic Policy (PEP) and University of Florence, Italy.</p> <p>Gideon Rutto is currently the Procurement and Logistics Manager, responsible for implementing the organization's procurement & logistics strategy, as a key deliverable for timely and cost-effective acquisition of goods and services.</p> <p>He joined the Kenya Mortgage Refinance Company in June 2020 from KCB Bank Kenya, where he worked in the procurement department as a strategic buyer, a role he held for 10 years. Prior to joining KMRC, he worked on short-term assignments at KCB Bank Rwanda in Kigali as a procurement manager. As KMRC's Procurement and Logistics Manager, Gideon's job contributes value to the Issuer and meets the standards of International Best Practice.</p> <p>He holds a bachelor's degree in engineering from Moi University and is currently pursuing a Master of Science Degree in Procurement and Logistics Management at the Jomo Kenyatta University of Agriculture and Technology (JKUAT). He is a member of the Kenya Institute of Supplies Management (KISM) and the Chartered Institute of Procurement & Supply.</p>
<p>Erick Wambua Finance Manager</p>	<p>Erick Wambua is the Finance Manager at the Kenya Mortgage Refinance Company, a role he has held since June 2020. He holds a Master of Science degree in Finance and a Bachelor of Arts Degree (Economics and Mathematics) from the University of Nairobi. He is also a Certified Public Accountant, a Certified Securities and Investment Analysts and a member of the Institute of Certified Public Accountants of Kenya.</p> <p>Prior to KMRC, he worked as a Corporate and Treasury Analyst at KCB Bank. He has also worked at Stanbic Bank and at Citibank N.A Kenya as a Finance Officer and Business Analyst, respectively.</p> <p>As the KMRC's Finance Manager, Erick oversees the accounting, financial reporting, analysis, and tax functions. He is also responsible for the coordination of planning, budget preparation, implementation, and controls.</p>

7.3 Competence and Suitability of Directors and Management

As at the date of this Supplementary Information Memorandum, no director or senior manager of the Issuer has:

- Had any petition under bankruptcy laws pending or threatened against the directors (for individuals) or senior managers, or any winding-up petition pending or threatened against it (for corporate bodies);
- Had any criminal proceedings in which the director or senior manager was convicted of fraud or any criminal offence or action either within or outside Kenya; and

- Been the subject of any ruling of a court of competent jurisdiction or any governmental body that permanently or temporarily prohibits such director or senior manager from acting as an investment adviser or as a director or employee of a stockbroker, dealer or any financial institution or engaging in any type or business practice or activity.

KMRC's Board Charter provides clear roles for the Chairman of Board as well as the Chief Executive Officer. Under the charter:

- The board shall elect a chair who shall be an independent non-executive director. The chairperson of the Board shall be responsible for the activities of the Board and its committees. The Chairperson shall provide effective leadership to the Board and act as a unifying factor in the Board's relationships among its members and between the Board and Management. The role of the Chairperson includes approving the agenda for Board meetings, chairing the meetings and ensuring that a record of proceedings of all Board activities is kept. The Chairperson shall act as the spokesperson for the Board and is the principal contact with the CEO.
- The Chief Executive Officer shall be appointed and be accountable to the Board of Directors. The CEO shall be an ex-officio member of the Board with no voting rights. The CEO shall be responsible for the effective management of the Company's resources and operations to ensure that they meet and achieve the Company's strategic, business, operating and financial objectives in line with the Board's long-term strategy. The CEO shall also be responsible for overseeing the execution of the Board's directions and policies to ensure desirable outcomes. The CEO shall serve as the link between the Board and the Management.

7.4 The Board Committees

The Board has approved the establishment of various committees to assist in the discharging of its responsibilities. The Board is however aware that it is ultimately responsible and accountable for the performance of the Issuer. Ad hoc board committees are established when the need arises. The Board committees are as follows:

7.4.1 Board Audit Committee

The mandate of the Board Audit Committee ("BAC") is to help the KMRC Board fulfil its oversight responsibility by providing assurance on the efficiency and effectiveness of internal controls, integrity of the company's assets and the reporting of complete and accurate financial information. The BAC achieves this by providing oversight over the work of the Internal and External Audit Functions.

Table 7: Board Audit Committee

Directors	
Mr. Asman Khatolwa	Chairperson
Mrs. Susan Maira	Member
Mr. Robert Kibaara	Member
Mrs. Annastacia Kimtai	Member
Mr. Alain Nounke	Member

7.4.2 Board Credit and Risk Committee

The Board Credit and Risk Committee ("BCRC") is tasked with the responsibility of setting and reviewing KMRC's risk policies and all credit facilities granted by KMRC. The BCRC is also responsible for ensuring that

a sound risk management program is in place for effective identification, measurement, control and monitoring of all risks affecting KMRC.

The BCRC is supported by control functions within KMRC, which include risk management and compliance functions. The BCRC is also mandated to review and oversee the overall lending process of the Issuer.

Table 8: Credit and Risk Committee

Directors	
Mrs. Jane Mwangi	Chairperson
Mrs. Susan Maira	Member
Mr. Alain Nounke	Member
Mr. Johnstone Oltetia	Member

7.4.3 Board Finance Planning and Human Resources Committee

The Board Finance, Planning and Human Resource Committee ("BFPHRC") is responsible for providing strategic direction and oversight in areas relating to strategy development and execution, finance and accounting, human resources management, information technology and procurement.

Table 9: Finance Planning & Human Resources Committee

Directors	
Mr. Robert Kibaara	Chairperson
Mrs. Jane Mwangi	Member
Mrs. Annastacia Kimtai	Member
Mr. Asman Khatolwa	Member
Mr. Johnstone Oltetia	Member

7.4.4 Board Nomination Committee

The Board Nomination Committee is responsible for the nomination and appointment of Directors. The Committee also reviews the Board's structure and composition, supports Board succession planning including for the CEO/Managing Director and oversees the process for Board Evaluation.

Table 10: Board Nomination Committee

Directors	
Mr. Robert Kibaara	Chairperson
Mrs. Jane Mwangi	Member
Mr. Asman Khatolwa	Member
Mr. Johnstone Oltetia	Member

7.5 Shareholding

The shareholders of KMRC as at 31st December 2025 are as shown by the following table:

Table 11: Shareholding Structure

Institution	Number of Shares	Percentage
1. CS, National Treasury	4,580,001	25.33%
2. KCB Bank Kenya Limited	3,616,750	20.00%

Institution	Number of Shares	Percentage
3. Co-operative Bank	2,000,000	11.06%
4. NIC Bank ⁵	500,000	2.76%
5. HFC Limited	500,000	2.76%
6. Barclays Bank	500,000	2.76%
7. DTB Bank	500,000	2.76%
8. Stanbic Bank	200,000	1.11%
9. Credit Bank	100,000	0.55%
10. Stima Sacco	200,000	1.11%
11. Unaitas Sacco	100,000	0.55%
12. Imarika Sacco	100,000	0.55%
13. Kenya Police Sacco	100,000	0.55%
14. Imarisha Sacco	100,000	0.55%
15. Mwalimu National Sacco	100,000	0.55%
16. Bingwa Sacco	100,000	0.55%
17. Harambee Sacco	250,000	1.38%
18. Apstar Sacco ⁶	100,000	0.55%
19. Tower Sacco	100,000	0.55%
20. Qona Sacco ⁷	100,000	0.55%
21. KWFT	100,000	0.55%
22. IFC	2,137,000	11.82%
23. Shelter Afrique	2,000,000	11.06%
Total	18,083,751	100.00%

Source: KMRC

There has been no notable change in the percentage ownership held by the major shareholders. Save as disclosed above, no individual person, directly or indirectly, is interested in 10% or more of the Issuer's capital. To ensure that KMRC conducts its business independent of its controlling shareholders, all critical decisions are presented to the Board of Directors for approval. The majority of the Board of Directors are non-executive.

⁵ NIC Bank name changed to NCBA Bank following the merger of Commercial Bank of Africa Limited and NIC Group PLC

⁶ Apstar Sacco was formerly Ukulima Sacco

⁷ Qona Sacco formerly Safaricom Sacco

8 UPDATED FINANCIAL PERFORMANCE AND STATUTORY RATIOS

8.1 Statement of Comprehensive Income

Table 12: Statement of Comprehensive Income

KES '000	2021	2022	2023	2024	2025
Revenue:					
Interest on Loans and Advances	24,420	195,339	390,075	493,398	897,350
Other Interest Income	686,527	1,105,484	2,010,652	2,721,504	2,293,823
Total Interest Income	710,946	1,300,823	2,400,727	3,214,902	3,191,174
Finance Cost	(246,873)	(634,326)	(1,016,112)	(1,055,683)	(1,455,385)
Net Interest Income	464,073	666,497	1,384,615	2,159,218	1,735,789
Expense:					
Net movement in Expected Credit Losses	(441)	(1,095)	(1,579)	1,053	(841)
Governance Expenses	(15,184)	(14,861)	(18,407)	(17,172)	(19,066)
Marketing Expenses	(13,801)	(14,800)	(23,817)	(26,698)	(30,369)
Staff Costs	(78,599)	(105,199)	(134,623)	(158,837)	(187,818)
Administration and operating	(37,523)	(55,247)	(97,397)	(108,829)	(104,392)
Other Operating Expenses	(9,060)	(19,747)	(5,629)	(5,996)	(6,457)
Depreciation and Amortization	(24,186)	(26,050)	(27,700)	(24,762)	(21,994)
Profit Before Tax	285,279	429,497	1,075,463	1,817,978	1,364,852
Income Tax	(88,668)	(108,136)	(227,676)	(495,916)	(362,409)
Total Comprehensive Income	196,611	321,361	847,787	1,322,062	1,002,442

Source: KMRC Audited Financial Statements for FY 2021 to FY 2025

8.2 Statement of Financial Position

Table 13: Statement of Financial Position

KES	2021	2022	2023	2024	2025
ASSETS					
Property and equipment	64,466	47,334	31,845	15,471	12,275
Intangible assets	14,502	8,765	3,577	1,159	710
Right-of-use assets	32,415	24,311	16,207	8,104	51,324
Other Assets	161,382	256,587	98,445	209,907	191,652
Current Tax receivable	18,455	77,824	122,137	-	260,733
Financial Assets at amortized cost	1,554,800	5,203,521	5,311,481	5,315,884	5,386,176
Loans and Advances	1,286,718	6,750,348	8,405,523	11,888,573	19,579,240
Cash and Cash equivalents	6,684,792	9,007,089	11,953,238	14,860,465	17,674,798
Deferred tax asset	6,050	7,407	14,631	22,070	29,355
TOTAL ASSETS	9,823,580	21,383,186	25,957,085	32,321,633	43,186,263
LIABILITIES AND EQUITY					
LIABILITIES					
Borrowings	6,771,589	16,820,143	20,662,582	25,731,201	35,865,404
Debt Securities in Issue	-	1,459,167	1,331,063	1,144,172	975,494
Lease Liabilities	39,190	31,651	23,512	14,662	59,605
Other Liabilities	-	-	417,007	439,642	445,402
Deferred tax liability	-	-	-	-	-
Trade and other payables	645,356	390,254	-	-	-
Current Tax payable	-	-	-	153,782	-
Total Liabilities	7,456,134	18,701,216	22,434,164	27,483,459	37,345,904
EQUITY					
Share Capital	1,808,375	1,808,375	1,808,375	1,808,375	1,808,375
Revenue reserves	525,499	792,788	1,624,216	2,911,800	3,836,945
Other Reserves	20,771	13,935	7,098	290	32
Statutory reserve	12,800	66,873	83,231	117,709	195,007
Total Equity	2,367,446	2,681,970	3,522,921	4,838,174	5,840,358
TOTAL LIABILITIES AND EQUITY	9,823,580	21,383,186	25,957,085	32,321,633	43,186,263

Source: KMRC Audited Financial Statements for FY2021 to FY 2025

8.3 Statement of Cash Flows

Table 14: Statement of Cash Flows

KES '000	2021	2022	2023	2024	2025
Cash flows from Operating activities					
Profit before Tax	285,279	429,497	1,075,463	1,817,978	1,364,852
Adjustments for:					
Depreciation of Property and Equipment	14,295	13,782	14,497	13,024	8,875
Depreciation on Right-of-use assets	8,104	8,104	8,104	8,104	10,335
Amortization of Intangible Assets	1,612	2,763	2,763	1,292	449
Amortization of Treasury Bonds	176	1,401	2,336	2,342	2,336
Write-off/Disposal of assets	-	549	411	29	-
Amortization of capital grants	4,351	-	-	-	-
Interest receivable on treasury bonds	(10,229)	(97,833)	(110,296)	-	-
Interest on debt securities in issue	-	59,167	67,708	-	-
Interest on Lease Liabilities	2,559	2,003	1,402	692	2,697
Income on Lease Modification	-	-	-	-	(1,503)
Income Tax Paid	(118,726)	(168,863)	(279,212)	(227,437)	(784,208)
Operating Profit before Working Capital Changes	187,419	250,569	783,176	1,616,024	603,832
Increase/Decrease) in other assets	(19,269)	(95,204)	158,141	(111,462)	18,255
Increase/Decrease) in other Liabilities	631,245	(255,101)	26,753	22,635	5,760
Increase in Loans and Advances	(1,286,718)	(5,463,630)	(1,655,175)	(3,483,050)	(7,690,667)
Net Cash used in Operating activities	(487,323)	(5,563,366)	(687,105)	(1,955,854)	(7,062,820)
Cash flows used in Investing activities					
Purchase of Property and Equipment	(27,355)	(1,061)	(3,574)	(1,061)	(5,937)
Purchase of Intangible Asset	(9,710)	-	-	(1,300)	-
Purchase of Treasury Bonds	(1,544,747)	(3,552,289)	-	(6,745)	(72,628)
Net Cash used in Investing activities	(1,581,812)	(3,553,350)	(3,574)	(9,106)	(78,565)
Cash flows from Financing activities					
Proceeds from issue of ordinary shares	517,375	-	-	-	-
Proceeds from capital grants	20,771	-	-	-	-
(Capitalization) of contribution pending allotment	(884,000)	-	-	-	-
Net movement in borrowings	3,046,415	10,048,555	3,842,439	5,068,619	10,134,202
Net Movement in debt Securities	-	1,400,000	(195,812)	(186,891)	(168,678)
Payment of the Lease Liability	(9,542)	(9,542)	(9,799)	(9,542)	(9,807)
Net Cash from Financing activities	2,691,020	11,439,013	3,636,828	4,872,186	9,955,718

KES '000	2021	2022	2023	2024	2025
Increase in cash and cash Equivalents	621,884	2,322,297	2,946,149	2,907,226	2,814,334
Cash and Cash Equivalents at Start of Year	6,062,908	6,684,792	9,007,089	11,953,238	14,860,465
Cash and Cash Equivalents at End of Year	6,684,792	9,007,089	11,953,238	14,860,465	17,674,798

Source: KMRC Audited Financial Statements for FY 2021 to FY 2025

8.4 KMRC Prudential Capital Ratios and Capital Buffers

The Central Bank of Kenya requires each Mortgage Refinance Company to maintain the following minimum capital standards:

- A core capital of not less than one billion shillings;
- Total capital of not less than 14.5% of total risk-weighted assets plus risk weighted assets and off-balance sheet items;
- Core capital of not less than 10.5% of total risk-weighted assets plus risk weighted assets and off-balance sheet items; and
- The computation of risk weighted assets and off-balance sheet items shall be computed as may be determined by the Regulator from time to time.

The table below summarises the composition of regulatory capital and applicable ratios for the period under review.

Table 15: KMRC Prudential Capital Ratios and Capital Buffers

	2021	2022	2023	2024	2025
CORE CAPITAL (KES)					
Core Capital (Tier 1)	2,320,097,085	2,592,330,253	3,421,687,751	4,703,504,868	5,615,286,610
Minimum Requirement	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Surplus above Minimum	1,320,097,085	1,592,330,253	2,421,687,751	3,703,504,868	4,615,286,610
TOTAL CAPITAL TO RISK-WEIGHTED ASSETS					
Actual Ratio	191.4%	159.9%	158.4%	167.5%	124.6%
Minimum Requirement	14.5%	14.5%	14.5%	14.5%	14.5%
Buffer above Minimum	176.9%	145.4%	143.9%	153.0%	110.1%
CORE CAPITAL TO RISK-WEIGHTED ASSETS					
Actual Ratio	93.4%	49.2%	53.5%	63.8%	51.6%
Minimum Requirement	10.5%	10.5%	10.5%	10.5%	10.5%
Buffer above Minimum	82.9%	38.7%	43.0%	53.3%	41.1%

9 SUPPLEMENTAL RISK FACTORS

9.1 ESG Related Risk Factors

9.1.1 Reputational and Greenwashing Risk

Any actual misalignment between the stated green, social or sustainable use of proceeds and the funded activities, deficiencies in environmental and social due diligence, or failure to meet publicly communicated impact targets could lead to allegations of greenwashing, intensified regulatory scrutiny, loss of investor confidence and reduced market access. Reputational concerns could arise from project partners who include primary mortgage lenders, from failing to meet ESG standards, including in areas such as environmental risk management, labor standards and community engagement.

Reputation and transition risks may also arise if projects underperform, allocations are delayed, impact metrics fall short of expectations, or methodologies change, or market norms shift. These factors can increase the risk of negative publicity, stakeholder scrutiny, perceptions of “greenwashing”, and a reduced investor appetite for current or future green, social or sustainability notes. Concentration in a limited pool of eligible projects may exacerbate deployment delays, and evolving transition pathways may render certain categories less favoured over time. Such outcomes could adversely affect investor perception, and the trading performance of the notes, even where projects are selected and managed in accordance with the framework at the time of issuance.

To manage these considerations, KMRC has established a robust governance framework governing the evaluation, selection, and management of proceeds, designed to ensure that refinancing is limited to eligible mortgage portfolios aligned with the KMRC Sustainability Framework. This framework includes defined eligibility criteria, environmental and social screening requirements, and physical portfolio verifications of mortgage portfolios submitted by PMLs prior to approval for refinancing. These controls are intended to support transparency, consistency, and credibility in KMRC’s sustainable finance activities.

9.1.2 Demand and Adoption Risk for Green Products and Services

As a mortgage refinancing institution, KMRC’s ability to refinance green mortgage portfolios is dependent on market-level demand for green housing solutions and the capacity of Primary Mortgage Lenders (PMLs) to originate and aggregate qualifying green mortgage loans in the ordinary course of their lending activities. The pace and scale of green mortgage origination may be influenced by borrower preferences, price sensitivity, affordability considerations, construction costs, availability of certified green housing stock, and the relative attractiveness of alternative building technologies or design standards.

Where demand for green housing develops more gradually, or where PMLs face operational or market constraints in generating eligible green mortgage portfolios, this could affect the timing and volume of green assets available for refinancing and, consequently, the pace of allocation of proceeds and the realization of anticipated environmental outcomes.

In recognition of these dynamics, the Issuer is committed to working collaboratively with PMLs, developers, regulators, and other key stakeholders across the housing value chain to support the development and uptake of green housing solutions. This includes engagement on capacity building, product design, data and certification requirements, and, where relevant, policy or market-based interventions aimed at improving affordability, standardization, and investor and consumer confidence in green housing. Through these efforts, KMRC seeks to support the gradual scaling of

green mortgage origination in line with market readiness and national housing and sustainability objectives.

9.1.3 Country Macroeconomic, Climate, and Political Risk

Kenya's macroeconomic conditions, climate variability, and political developments can affect execution of eligible green and/or social projects and servicing capacity. Climate-related physical risks such as droughts, floods, and extreme weather may disrupt construction activity, or delay completion timelines for housing developments that underpin future mortgage origination. Political and Policy-related developments including shifts in national climate, housing or socioeconomic priorities, particularly during electoral cycles may influence regulatory processes, delay permits or approvals and have an impact on public investment programs relevant to the housing sector

To manage this risk, the Issuer maintains an ESG risk framework to identify, assess and monitor risks in eligible green and/or social projects. The Issuer also maintains ongoing engagement with authorities and communities to support permitting and continuity.

9.1.4 Regulatory and Taxation Changes

Evolving Sustainability Frameworks, disclosure requirements and local content or environmental licensing and permits rules may alter project timelines and costs. Changes to tax treatment relevant to bond instruments, renewable energy equipment, or carbon related incentives could affect project economics or investor returns. Such developments may also trigger reclassification risk, and lead to misalignment with investor mandates, with potential consequences for liquidity, pricing and the investor base.

The Issuer has aligned the KMRC Sustainability Framework with current Kenyan regulatory guidance and best market practices to mitigate against such risks. The Issuer regularly monitors the market for regulatory change and has built compliance measures into project planning and procurement, to accommodate amendments to tax or disclosure regimes.

9.1.5 Policy and Transition Risk

Evolving national, regional and local policies on climate, energy, waste and biodiversity may alter the economic viability, regulatory eligibility, or classification of eligible green and/or social projects. The introduction or strengthening of performance standards, such as minimum energy efficiency thresholds, emissions intensity limits, e-waste compliance requirements, or changes to grid interconnection and dispatch rules may necessitate additional capital expenditures, delay implementation timelines, or adversely affect project feasibility and operating assumptions. Similarly, amendments to taxonomies, labeling regimes, or disclosure requirements could change whether certain assets qualify as "green" or continue to be eligible under the Issuer's use of proceeds framework.

9.1.6 Allocation Risk

Although an amount equal to the net proceeds is intended to be allocated to eligible green and/or social projects, allocation may not occur within expected 36 months' timeframes, projects or categories may change, and unallocated balances may persist pending deployment. There is a risk that funded projects do not deliver the anticipated environmental or social outcomes, or that project maturities, performance, or implementation schedules diverge from expectations. To mitigate this risk, the issuer has already onboarded eighteen Primary Mortgage Lenders who have accessed KMRC refinancing facilities and continues to onboard additional eligible PMLs to expand the pipeline of

qualifying mortgage portfolios. These measures are intended to support timely allocation of proceeds in line with the stated timeframe and the objectives of the KMRC Sustainability Framework.

9.1.7 External evaluations and market labels have inherent limitations

Second-party opinions and verification reports reflect methodologies that can differ across providers and may not capture all relevant risks, structural features, or market factors affecting the notes or the financed projects. These assessments are point-in-time and may become out of date as frameworks or standards evolve. In addition, the providers of such assessments are not subject to a uniform regulatory regime, and their conclusions may diverge from other market views. KMRC will mitigate the limitations of external reviews through strong internal governance processes, periodic framework reviews, transparent disclosure of review scope and methodologies, ongoing post-issuance reporting and verification, and continuous engagement with regulators, investors, and market participants

9.1.8 Market admission and indexation entail uncertainty

Admission of the notes to “green”, “sustainable”, or similar exchange segments or indices is subject to criteria that vary by venue and may change without notice. There is no assurance that the notes will be admitted, remain admitted, or continue to qualify as criteria evolve, and periodic eligibility reviews may result in exclusion or migration between segments. Any change in admission status or index inclusion could reduce liquidity, increase price volatility and bid-ask spreads, and constrain access to dedicated ESG funds or index-tracking investors, including potential mandate-driven divestment. It may also influence future funding costs or market access for similarly labelled instruments. KMRC will mitigate market admission and indexation risk through alignment with recognized sustainable finance standards, elaborate eligibility criteria, ongoing monitoring of exchange and index requirements, diversified funding sources, and transparent investor disclosure.

10 SUPPLEMENTAL TAXATION

10.1 Tax Considerations

The comments below are of a general nature based on taxation law and practice in Kenya as at the date of this Supplementary Information Memorandum and are subject to any changes thereafter. They relate only to the anticipated tax consequences of an investment in the Notes under Kenyan tax laws. The comments below do not relate to all possible tax consequences of an investment in the Notes and so should be treated with appropriate caution. Prospective investors should consult their own professional advisers concerning the possible tax consequences of purchasing, holding and/or selling Notes and receiving payments of interest, principal and/or other amounts under the Notes under the Applicable Laws of their country of citizenship, residence or domicile.

10.1.1 Withholding Tax

Interest (including any commission, discount, commitment and other fees) payable under the Notes (other than interest paid to the financial institutions specified in the fourth schedule to the Income Tax Act and certain other exempt persons) is subject to withholding tax.

In terms of current legislation, withholding tax at the rate of 15% will be deducted from interest payments made to both resident and non-resident Noteholders as set out in the Income Tax Act (which is subject to revision through changes in government policy).

The Issuer will not deduct withholding tax at the prescribed rate on interest payments to any Noteholder who:

- is exempt from such deduction under the provisions of the Income Tax Act; or
- is exempt under any other applicable law or treaty having the force of law in Kenya,

and in each case has provided evidence of such exemption to the reasonable satisfaction of the Issuer.

As provided in paragraph 60 of the First Schedule to the Income Tax Act, interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure, projects and assets defined under Green Bonds Standards and Guidelines, and other social services is tax exempt, provided that such bonds, notes or securities shall have a maturity of at least three years. The Bond is structured in compliance with ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines and therefore the issuer expects the interest income to be tax exempt. For certainty, the company is seeking formal confirmation from and the tax treatment applicable is therefore subject to KRA's confirmation on the exemption status.

Where a Noteholder is tax resident in a jurisdiction that has a double taxation treaty with Kenya, the Issuer, the Note Trustee (or the Fiscal and Calculation Agent, as the case may be) will deduct withholding tax in accordance with the applicable Double Tax Treaty. A Noteholder seeking to benefit from an applicable double taxation treaty must provide the Issuer with a valid certificate of tax residence or any other documentation reasonably required by the Kenya Revenue Authority or the Issuer, the Note Trustee (or the Fiscal and Calculation Agent, as the case may be) evidencing entitlement to the benefits in the applicable Double Taxation Treaty.

Interest income payable on the Notes under any Tranche that are certified to be used to raise funds for infrastructure, projects and assets defined under Green Bonds Standards and Guidelines, and other social services, where such Tranche has a tenor of at least three (3) years will be exempt from withholding tax.

11 STATUTORY AND GENERAL INFORMATION

11.1 Additional Material Disclosures

11.1.1 Corporate Authorisations

The Board of Directors of the Issuer, by resolution dated 5 March 2026, approved the issuance of a sustainability bond of up to Kenya Shillings Three Billion (KES 3,000,000,000) under the Issuer's Medium Term Note Programme.

The issuance of the Notes pursuant to this Supplementary Information Memorandum is undertaken in accordance with such approval and forms part of the Issuer's authorised programme.

The Issuer confirms that all necessary corporate approvals required in connection with the issuance of the Notes have been duly obtained and remain in full force and effect.

11.1.2 Material Contracts

a) Office Lease Arrangement

This contract relates to the renewal of the lease for the Issuer's primary place of business at Old Mutual Tower.

- **Date:** The Letter of Offer was dated June 3, 2025. (The Issuer previously operated under a lease dated December 1, 2019, which is being superseded by this new arrangement).
- **Parties:** Old Mutual Holdings PLC (Landlord) and Kenya Mortgage Refinance Company PLC (Tenant).
- **Principal Terms and Conditions:**
 - **Term:** Six (6) years commencing October 1, 2025.
 - **Premises:** Approximately 7,616.31 Sq. ft. on the 27th Floor, Old Mutual Tower, Upper Hill, Nairobi.
 - **Rent Reviews:** The rent is reviewed biennially (at the start of the 3rd and 5th years) with an automatic escalation rate of 10%.
 - **Parking:** KMRC is granted ten (10) car parking spaces in the basement/parking silo.
 - **Usage:** Strictly for office use only.
 - **Security Deposit:** The requirement for a security deposit was waived.
- **Consideration:**
 - **Base Rent:** KES 100 per square foot per month (KES 761,631 monthly / KES 2,284,893 quarterly) for the first two years.
 - **Service Charge:** KES 30.00 per square foot per month (KES 685,467.90 quarterly).
 - **Parking Fees:** KES 9,000 per space per month (KES 270,000 quarterly).

- **Total Initial Quarterly Payment:** KES 3,758,818.64 (inclusive of VAT).

b) Technology System Support Agreement

This contract covers the maintenance and support of the Issuer's core Enterprise Resource Planning (ERP) and operational infrastructure.

- **Date: September 23, 2025.**
- **Parties:** Kenya Mortgage Refinance Company PLC and Agile Business Solutions Limited (Service Provider).
- **Principal Terms and Conditions:**
 - **Scope:** System support for software and infrastructure, including Microsoft Dynamics 365 Business Central, Power BI, SharePoint, Web Portals, and hardware maintenance.
 - **Duration:** Two (2) years, terminating on September 22, 2027, with an option for renewal.
 - **Services:** Includes 24/7 monitoring, software updates, security patches, hardware health checks, and training for KMRC staff.
 - **Termination:** Either party may terminate with 30 days' written notice citing reasons.
 - **Exclusions:** The contract specifically excludes the development of entirely new systems; it is limited to supporting and customizing existing functionality.
- **Consideration:**
 - **Annual Maintenance Fee (Support):** KES 2,430,960.80 plus VAT (Total KES 2,819,914.53) for the 2025/26 period.
 - **Subscription Services (USD):** Total USD 11,220.77 (inclusive of VAT), covering Microsoft licenses (BREP), Power BI, and Disaster Recovery Site hosting.
 - **Out-of-Scope Customization:** Charged at a rate of USD 300 per day, subject to prior written consent from KMRC.

11.1.3 Data Protection

Kenya Mortgage Refinance Company PLC (KMRC) is registered with the Office of the Data Protection Commissioner (ODPC) in Kenya as both a Data Controller and a Data Processor.

The extracted details of these registrations are as follows:

a) Registration as a Data Controller

- **Certificate Type:** Certificate of Registration awarded to Kenya Mortgage Refinance Company PLC as a Data Controller.
- **Identification Number:** 440-1420-9B6C.
- **Serial Number:** 04883.

- **Registration Date:** April 8, 2024.
- **Expiry Date:** April 8, 2026.
- **Validity Period:** Two (2) years.

b) Registration as a Data Processor

- **Certificate Type:** Certificate of Registration awarded to Kenya Mortgage Refinance Company PLC as a Data Processor.
- **Identification Number:** 440-1420-9B6C.
- **Serial Number:** 04885.
- **Registration Date:** April 8, 2024.
- **Expiry Date:** April 8, 2026.
- **Validity Period:** Two (2) years.

c) Compliance Status

The Issuer has confirmed that it has achieved full regulatory compliance with the Data Protection Act, 2019. It has a comprehensive data protection policy and has implemented governance structures to manage data protection responsibilities, including conducting impact assessments, staff training, and maintaining "privacy-by-design" principles across its operations.

11.1.4 Unclaimed Financial Assets Act

Under the provisions of the Unclaimed Financial Assets Act, any amounts payable in respect of the Notes, including principal and interest, that remain unclaimed for the prescribed statutory period may be deemed to be unclaimed financial assets and may be required to be reported and transferred to the Unclaimed Financial Assets Authority in accordance with the Act.

The application of the Unclaimed Financial Assets Act is a matter of law and is not affected by the terms and conditions of the Notes. Accordingly, Noteholders are advised that failure to claim amounts due under the Notes within the applicable statutory period may result in such amounts being treated as unclaimed financial assets in accordance with applicable law.



APPENDIX A: SUPPLEMENTAL LEGAL OPINION

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Our Ref: K270/018/M/2026/C

Your Ref:

April 28, 2026

Kenya Mortgage Refinance Company PLC

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Ropat Trust Company Limited

Kenya Re Towers
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Nairobi, Kenya.

RE: SUPPLEMENTAL LEGAL OPINION

1. Introduction

We refer to:

- (a) the medium term note programme established by Kenya Mortgage Refinance Company PLC (the “Issuer”);
- (b) the information memorandum dated 10th January 2022 issued in connection therewith (the “Original Information Memorandum”);
- (c) our legal opinion dated 12th January 2022 issued in connection with the establishment of the programme (the “Original Opinion”); and
- (d) the supplementary information memorandum dated 28th April 2026 (the “Supplementary Information Memorandum”) relating to the proposed issuance of a further tranche of notes (the “Notes”).

This supplemental legal opinion (this “*Opinion*”) is issued in connection with the Supplementary Information Memorandum and the proposed issuance of the Notes.

2. Scope of Opinion

This Opinion is limited to:

- (a) confirming the continued validity of the conclusions expressed in the Original Opinion as at the date hereof; and

GODWIN WANGONG’U
JUNE N. NGWELE

GLADYS MBOYA
CG MBUGUA

PETER M. WAIYAKI
KIMANI NJANE

PETER M. WAIYAKI
SYLVIA KANG’ETHE



- (b) addressing matters arising from the Supplementary Information Memorandum, including the additional material contracts disclosed therein and updated factual confirmations provided by the Issuer.

Except as expressly set out herein, we have not undertaken a full re-verification of all matters covered in the Original Opinion.

3. Documents Reviewed

For the purposes of this Opinion, we have reviewed:

- (a) the Original Information Memorandum;
- (b) the Supplementary Information Memorandum;
- (c) the material contracts disclosed in the Supplementary Information Memorandum;
- (d) the confirmations provided by the Issuer in connection with our updated legal due diligence;
- (e) a board resolution of the Issuer dated 5 March 2026 approving the issuance of a sustainability bond of up to KES 3,000,000,000 under the Programme; and
- (f) such other documents and information as we have considered necessary for the purposes of this Opinion.

4. Assumptions

This Opinion is subject to the assumptions set out in the Original Opinion, which continue to apply *mutatis mutandis*.

In addition, we have assumed that:

- (a) all information and confirmations provided by the Issuer in connection with the updated due diligence are true, complete and accurate in all material respects;
- (b) there has been no material change in the financial or legal position of the Issuer other than as disclosed in the Supplementary Information Memorandum; and
- (c) all parties to the Transaction Documents (other than the Issuer) have the capacity, authority and power to enter into and perform their respective obligations.

5. Confirmation of Continued Validity

Based on the foregoing, and subject to the assumptions and qualifications set out herein and in the Original Opinion, we confirm that the conclusions expressed in the Original Opinion remain valid as at the date of this Opinion.

Without limiting the generality of the foregoing, we confirm that, as at the date hereof:

- (a) Corporate Existence** - The Issuer is duly incorporated and validly existing under the laws of Kenya;
- (b) Capacity and Authority** - The Issuer has the requisite corporate capacity and authority to issue the Notes and to enter into and perform its obligations under the Transaction Documents;

- (c) **Authorisations** - All necessary corporate authorisations in respect of the Transaction have been duly obtained and remain in full force and effect, including the board resolution of the Issuer dated 5 March 2026 approving the issuance of the Notes under the Programme;
- (d) **No Conflict** - The issuance of the Notes and the performance by the Issuer of its obligations under the Transaction Documents do not conflict with:
- (i) applicable laws;
 - (ii) the Issuer's constitutional documents; or
 - (iii) any material agreements binding on the Issuer, including the additional material contracts disclosed in the Supplementary Information Memorandum;
- (e) **Validity and Enforceability** - The Transaction Documents continue to constitute valid and binding obligations of the Issuer enforceable in accordance with their terms, subject to applicable laws relating to insolvency, bankruptcy, reorganisation and other laws of general application affecting creditors' rights, and to general principles of equity;
- (f) **Regulatory Status** - The Issuer's licence issued by the Central Bank of Kenya remains valid and in full force and effect, and we are not aware of any regulatory matter that would adversely affect the Issuer's ability to issue the Notes;
- (g) **Litigation** - We are not aware of any material litigation, arbitration or regulatory proceedings affecting the Issuer which would adversely affect its ability to perform its obligations under the Notes; and
- (h) **Capital Structure** - There are no outstanding instruments or arrangements which would materially conflict with the issuance of the Notes, except as disclosed.

6. Review of Additional Material Contracts

We confirm that we have reviewed the material contracts disclosed in the Supplementary Information Memorandum and, based on such review, we are not aware of any provision therein that would adversely affect the conclusions expressed in the Original Opinion.

7. Qualifications

This Opinion is subject to the qualifications set out in the Original Opinion, which continue to apply.

8. Reliance

This Opinion is given solely for the benefit of:

- (a) the Issuer;
- (b) the Capital Markets Authority; and
- (c) investors in the Notes,

in connection with the issuance of the Notes and the Supplementary Information Memorandum, and may not be relied upon by any other person without our prior written consent.

GODWIN WANGONG'U

JUNE N. NGWELE

GLADYS MBOYA

CG MBUGUA

KIMANI NJANE

PETER M. WAIYAKI


SYLVIA KANG'ETHE



9. Governing Law

This Opinion is governed by and shall be construed in accordance with the laws of Kenya.

Yours faithfully,
MBOYA WANGONG'U & WAIYAKI


CG MBUGUA
cgmbugua@lexgroupafrica.com
PARTNER
/mn



APPENDIX B: REPORTING ACCOUNTANTS REPORT



KENYA MORTGAGE REFINANCE COMPANY PLC

**HISTORICAL FINANCIAL INFORMATION
COMPILATION FOR THE YEARS ENDED**

31 DECEMBER 2021, 2022, 2023, 2024 AND 2025

CONTENTS

	PAGE
Statement of Directors' responsibilities	3
Reporting accountant's report on the compilation of historical financial information	4
Financial statements:	
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Material accounting policies and notes to the financial statements	10 - 48

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and its financial performance for the year then ended. It also requires the Directors to ensure that the Company maintains proper accounting records that are sufficient to show and explain the transactions of the Company and disclose with reasonable accuracy, with reasonable accuracy, at any time the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015.

They also accept responsibility for:

- (i) Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) Selecting and applying appropriate accounting policies; and
- (iii) Making accounting estimates and judgements that are reasonable in the circumstances.

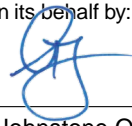
Having made an assessment of the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of Directors on 28th April 2026 and signed on its behalf by:



Dr. Haron Sirima, OGW
Director



Mr. Johnstone Oltetia
Director



The Directors

Kenya Mortgage Refinance Company PLC

Old Mutual Tower

Upper Hill Road, Upper Hill, Nairobi

Reporting Accountant's report on the compilation of the historical financial information of Kenya Mortgage Refinance Company PLC for each of the five financial years ended 31 December 2021, 2022, 2023, 2024 and 2025

We have compiled the accompanying historical financial information of Kenya Mortgage Refinance Company PLC ("the Company") based on the Company's audited financial statements and other information provided to us by the management. The compiled historical financial information is presented in accordance with IFRS Accounting Standards and the requirements of the Kenyan Companies Act, 2015. The compiled historical financial information comprises the:

- Statements of comprehensive income for the years ended 31 December 2021, 2022, 2023, 2024 and 2025;
- Statements of financial position as at 31 December 2021, 2022, 2023, 2024 and 2025;
- Statements of changes in equity as at 31 December 2021, 2022, 2023, 2024 and 2025;
- Statements of cash flows for the years ended 31 December 2021, 2022, 2023, 2024 and 2025; and
- Summary of material accounting policies and other explanatory information, including a reconciliation of the compiled historical financial information to the audited financial statements.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards.

We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

The Company's Directors are responsible for the audited financial statements, and the accuracy and completeness of the other information provided to us by management for the compilation of the historical financial information.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided to us by management for compilation of the historical financial information. Accordingly, we do not express an audit opinion or a review conclusion on the compiled historical financial information.

A handwritten signature in blue ink, appearing to read "Parag", with a horizontal line underneath.

CPA Parag Shah, Practising Certificate No. P/1828
Engagement partner responsible for the engagement

For and on behalf of Grant Thornton Kenya LLP

Certified Public Accountants

(Kenya) Nairobi

M/1890/1224/AUD

Kenya Mortgage Refinance Company PLC - Statement of Comprehensive Income - 5 - Year Comparative - KES						
Particulars	Note	2025	2024	2023	2022	2021
REVENUE						
Interest on loans and advances	5a	897,350,437	493,397,532	390,074,989	195,339,115	24,419,799
Other interest income	5b	2,293,823,155	2,721,504,033	2,010,652,190	1,105,483,944	686,526,589
TOTAL INTEREST INCOME		3,191,173,592	3,214,901,565	2,400,727,179	1,300,823,059	710,946,388
FINANCE COST						
Interest expenses	6	(1,455,384,888)	(1,055,683,491)	(1,016,111,838)	(634,326,070)	(246,873,372)
GROSS INCOME		1,735,788,704	2,159,218,074	1,384,615,341	666,496,989	464,073,016
EXPECTED CREDIT LOSSES						
Net movement in expected credit losses	7	841,296	(1,052,749)	1,579,227	1,095,321	440,814
OPERATING EXPENSES						
Governance expenses	8	(19,065,560)	(17,172,080)	(18,406,752)	(14,861,108)	(15,183,772)
Marketing expenses	9	(30,368,951)	(26,697,596)	(23,817,007)	(14,800,199)	(13,801,382)
Staff costs	10	(187,817,769)	(158,836,569)	(134,622,939)	(105,199,154)	(78,599,446)
Administration expenses	11	(104,391,785)	(108,828,511)	(97,397,115)	(55,247,332)	(37,522,800)
Other operating expenses	12	(6,457,398)	(5,996,461)	(5,629,409)	(19,746,931)	(9,059,680)
Depreciation and amortisation expense	13	(21,994,260)	(24,761,884)	(27,699,640)	(26,049,734)	(24,186,394)
PROFIT BEFORE TAX		1,364,851,685	1,817,977,722	1,075,463,252	429,497,210	285,278,728
Income tax expense	14	(362,409,323)	(495,915,723)	(227,676,456)	(108,136,491)	(88,667,655)
PROFIT FOR THE YEAR		1,002,442,362	1,322,061,999	847,786,796	321,360,719	196,611,073

Kenya Mortgage Refinance Company PLC - Statement of Financial Position - 5 - Year Comparative - KES						
Particulars	Note	2025	2024	2023	2022	2021
ASSETS						
Property and equipment	15	12,275,030	15,470,737	31,845,355	47,333,813	64,465,730
Intangible assets	16	710,197	1,159,471	3,577,221	8,765,320	14,502,120
Right-of-use assets	17	51,323,684	8,103,712	16,207,426	24,311,140	32,414,854
Other assets/ receivable	18	191,651,693	209,907,121	160,281,987	256,586,597	161,382,448
Current tax recoverable	14	260,732,540	-	122,136,511	77,824,477	18,454,791
Financial assets at amortized cost	19	5,386,176,320	5,315,884,241	5,311,481,388	5,203,521,087	1,554,799,616
Loans and advances	20	19,579,239,923	11,888,572,822	8,405,522,891	6,750,347,708	1,286,717,998
Cash and cash equivalents	21	17,674,798,450	14,860,464,671	11,891,401,578	9,007,088,992	6,684,792,247
Deferred tax asset	22	29,354,758	22,069,974	14,630,648	7,407,202	6,050,104
TOTAL ASSETS		43,186,262,594	32,321,632,749	25,957,085,005	21,383,186,336	9,823,579,908
LIABILITIES						
Borrowings	23	35,865,403,521	25,731,201,060	20,662,582,125	16,820,143,424	6,771,588,698
Debt securities in issue	24	975,494,167	1,144,171,816	1,331,063,298	1,459,167,332	-
Lease liabilities	25	59,604,903	14,662,432	23,511,777	31,651,105	39,189,809
Trade and other payables	26	445,401,871	439,641,779	417,007,220	390,254,400	645,355,760
Current tax payable	14	-	153,781,546	-	-	-
Deferred tax liability	22	-	-	-	-	-
TOTAL LIABILITIES		37,345,904,462	27,483,458,633	22,434,164,420	18,701,216,261	7,456,134,267
EQUITY						
Share capital	27	1,808,375,125	1,808,375,125	1,808,375,125	1,808,375,125	1,808,375,125
Contribution pending allotment	28	-	-	-	-	-
Revenue reserves		3,836,944,905	2,911,800,468	1,624,216,144	792,787,685	525,499,229
Statutory reserve		195,006,567	117,708,642	83,230,967	66,872,630	12,800,367
Other reserves	32	31,535	289,880	7,098,349	13,934,635	20,770,920
TOTAL EQUITY		5,840,358,132	4,838,174,115	3,522,920,585	2,681,970,075	2,367,445,641
TOTAL LIABILITIES AND EQUITY		43,186,262,594	32,321,632,749	25,957,085,005	21,383,186,336	9,823,579,908

Kenya Mortgage Refinance Company PLC - Statement of Changes in Equity - 5 - Year - KES						
Particulars	Share capital	Revenue reserves	Contribution pending allotment	Statutory reserve	Other reserves	Total
As at 1 January 2025	1,808,375,125	2,911,800,468	-	117,708,642	289,880	4,838,174,115
Profit for the year 2025	-	1,002,442,362	-	-	-	1,002,442,362
Amortisation of capital grants	-	-	-	-	(258,345)	(258,345)
Transfer to statutory reserve	-	(77,297,925)	-	77,297,925	-	-
At 31 December 2025	1,808,375,125	3,836,944,905	-	195,006,567	31,535	5,840,358,132
As at 1 January 2024	1,808,375,125	1,624,216,144	-	83,230,967	7,098,349	3,522,920,585
Profit for the year 2024	-	1,322,061,999	-	-	-	1,322,061,999
Amortisation of capital grants	-	-	-	-	(6,808,469)	(6,808,469)
Transfer to statutory reserve	-	(34,477,675)	-	34,477,675	-	-
At 31 December 2024	1,808,375,125	2,911,800,468	-	117,708,642	289,880	4,838,174,115
As at 1 January 2023	1,808,375,125	792,787,685	-	66,872,630	13,934,635	2,681,970,075
Profit for the year 2023	-	847,786,796	-	-	-	847,786,796
Amortisation of capital grants	-	-	-	-	(6,836,286)	(6,836,286)
Transfer to statutory reserve	-	(16,358,337)	-	16,358,337	-	-
At 31 December 2023	1,808,375,125	1,624,216,144	-	83,230,967	7,098,349	3,522,920,585
As at 1 January 2022	1,808,375,125	525,499,229	-	12,800,367	20,770,920	2,367,445,641
Profit for the year 2022	-	321,360,719	-	-	-	321,360,719
Amortisation of capital grants	-	-	-	-	(6,836,285)	(6,836,285)
Transfer to statutory reserve	-	(54,072,263)	-	54,072,263	-	-
At 31 December 2022	1,808,375,125	792,787,685	-	66,872,630	13,934,635	2,681,970,075
As at 1 January 2021	1,291,000,100	341,688,523	883,999,900	-	-	2,516,688,523
Profit for the year 2021	-	196,611,073	-	-	-	196,611,073
Shares issued for cash	517,375,025	-	-	-	-	517,375,025
Capitalisation during the year	-	-	(303,675,025)	-	-	(303,675,025)
Transfer to other payables	-	-	(580,324,875)	-	-	(580,324,875)
Capital grants received	-	-	-	-	25,121,525	25,121,525
Amortisation of capital grants	-	-	-	-	(4,350,605)	(4,350,605)
Transfer to statutory reserve	-	(12,800,367)	-	12,800,367	-	-
At 31 December 2021	1,808,375,125	525,499,229	-	12,800,367	20,770,920	2,367,445,641

Kenya Mortgage Refinance Company PLC - Statement of Cash Flows - 5 - Year Comparative - KES						
Particulars	Note	2025	2024	2023	2022	2021
A. CASH FLOWS FROM OPERATING ACTIVITIES						
Profit / Total comprehensive income before tax		1,364,851,685	1,817,977,722	1,075,463,252	429,497,210	285,278,728
Adjustments for:		-	-	-	-	-
Depreciation of property and equipment	15	8,874,744	13,023,571	14,497,377	13,782,376	14,294,689
Depreciation on right-of-use assets	17	10,335,176	8,103,714	8,103,714	8,103,714	8,103,714
Amortisation of intangible assets	16	448,546	1,292,405	2,762,755	2,762,755	1,611,607
Amortisation of financial assets / Treasury bonds	19	2,335,794	2,342,194	2,335,794	1,400,889	176,384
Amortisation of capital grants		-	-	-	-	4,350,605.00
Write off / Disposal of assets	15	-	28,744	411,220	548,700	-
Interest receivable on Treasury bonds	19	-	(6,745,047)	(110,296,095)	(97,833,453)	-
Interest on Debt securities in issue	24	-	34,540,967	67,707,604	59,167,332	-
Interest on lease liabilities	6	2,696,904	692,369	1,402,385	2,003,009	2,558,617
Income on Lease Modification		(1,502,820)	-	-	-	-
Income tax paid	14	(784,208,193)	(227,436,992)	(279,211,936)	(168,863,275)	(118,726,081)
Operating profit before working capital changes		603,831,836	1,643,819,647	783,176,070	250,569,257	197,648,263
(Increase)/decrease in other receivables / other assets	18	18,255,428	(111,462,019)	96,304,610	(95,204,149)	(19,269,104)
Increase/(decrease) in other payables / other liabilities	26	5,760,092	22,634,559	26,752,820	(255,101,359)	631,244,933
Increase in loans and advances	20	(7,690,667,101)	(3,483,049,931)	(1,655,175,183)	(5,463,629,710)	(1,286,717,998)
Net cash from / (used in) operating activities		(7,062,819,745)	(1,928,057,744)	(748,941,683)	(5,563,365,961)	(477,093,906)
B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES						
Purchase of property and equipment	15	(5,936,655)	(1,060,821)	(3,574,068)	(1,061,400)	(27,354,708)
Purchase of intangible asset	16	-	(1,300,000)	-	-	(9,710,462)
Purchase of financial assets / Treasury bonds	19	(72,627,872)	-	-	(3,552,288,907)	(1,554,976,000)
Net cash used in investing activities		(78,564,527)	(2,360,821)	(3,574,068)	(3,553,350,307)	(1,592,041,170)

C. CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of ordinary shares	27	-	-	-	-	517,375,025
Proceeds of / (Capitalisation of) contribution pending allotment	28	-	-	-	-	(883,999,900)
Proceeds from capital grants		-	-	-	-	20,770,920
Proceeds from / net movement in borrowings	23	10,134,202,461	5,068,618,935	3,842,438,701	10,048,554,726	3,046,415,220
Proceeds from / net movement in debt securities	24	(168,677,650)	(221,432,448)	(195,811,638)	1,400,000,000	-
Payments of principal portion of lease liability	25	(9,806,760)	(9,541,714)	(9,798,726)	(9,541,713)	(9,541,713)
Net cash from financing activities		9,955,718,051	4,837,644,773	3,636,828,337	11,439,013,013	2,691,019,552
Net increase / (decrease) in cash and cash equivalents		2,814,333,779	2,907,226,208	2,884,312,586	2,322,296,745	621,884,476
Cash and cash equivalents at start of year	21	14,860,464,671	11,953,238,463	9,007,088,992	6,684,792,247	6,062,907,771
Cash and cash equivalents at end of year		17,674,798,450	14,860,464,671	11,891,401,578	9,007,088,992	6,684,792,247

Kenya Mortgage Refinance Company PLC - Notes

Note 1: Summary of material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with IFRS Accounting Standards as Issued by the International Accounting Standards Board. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfers between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

Going concern

The financial performance of the Company is set out in the report of the directors and in the statement of comprehensive income. The financial position of the Company is set out in the statement of financial position. Disclosures in respect of principal risks and uncertainties are included within the Director's Report, and disclosures in respect of financial risk management and capital risk management are set out in notes 3 and 4, respectively.

As highlighted in the statement of cash flows, the Company generated negative operating cash flows of KES 7,062,819,745 (2024: KES 1,955,853,664), which may ordinarily be considered an indicator of potential going concern risk. However, the Company's core mandate is to provide long-term liquidity to Primary Mortgage Lenders (PMLs). Consequently, in the earlier years of operation and during periods of active portfolio growth, significant cash outflows are required to fund loans and advances to PMLs. These disbursements are expected to be recovered over the life of the underlying mortgage loans, whose principal and interest repayments are contractually spread across long tenors consistent with the Company's business model. The negative operating cash flows, therefore, reflect strategic deployment of funds to support market liquidity.

Based on the Company's financial performance, capital structure, and risk management policies, including prudent liquidity management and access to diversified funding sources, the directors believe that the Company is well placed to continue operating for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

(b) New Standards and Interpretations

(i) Standards and interpretations effective and adopted in the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 1 January, 2025.

The company has adopted the amendment for the first time in the 2025 annual report and financial statements. The impact of the amendment is not material.

(ii) Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January, 2026 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

This is a new standard which may be applied by subsidiaries which do not have public accountability. It is a disclosure only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS accounting standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in their consolidated, separate or individual financial statements, provided that the ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS accounting standards. A subsidiary has public accountability, and may not apply IFRS 19, if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The effective date of the amendment is for years beginning on or after 1 January, 2027.

The company expects to adopt the amendment for the first time in the 2027 annual report and financial statements.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 1 January, 2027.

The company expects to adopt the amendment for the first time in the 2027 annual report and financial statements.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 1 January, 2026.

The company expects to adopt the amendment for the first time in the 2026 annual report and financial statements.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

(c) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Kenya shillings (KES), which is the Company's presentation currency.

(d) Revenue recognition

The Company recognises revenue from interest on long-term loans to financial institutions secured against mortgages and financial instruments. The Company recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

(i) Interest income

Interest income for all interest-bearing financial instruments is recognised within the statement of comprehensive income on an accrual basis using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instruments (or, where appropriate, a shorter period) to the carrying amount of the financial instruments. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cure and are no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. Previously unrecognised interest revenue of a cured credit-impaired financial asset is recognised as a reversal of an impairment loss.

(ii) Interest expenses

Interest expense for all interest bearing financial instruments are recognised within the statement of comprehensive income on accrual basis using the effective interest method.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit or loss, are presented in net income on other financial instruments carried at fair value in the profit or loss. Once a financial asset or a portfolio of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that was used to discount the future cash flows for purposes of measuring the allowance for impairment.

(e) Reserves**- Loan loss reserve**

Where impairment losses required by legislation or regulation exceed those calculated under International Financial Reporting Standards, the excess is recognised as a regulatory credit risk and accounted for as an appropriation of retained profits. This reserve is not distributable.

- Other reserve

Other reserve relates to capital grants received from the National Treasury.

(f) Financial instruments**Financial assets and liabilities****Measurement methods****(i) Amortised cost and effective interest rate**

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and, for financial assets, adjusted for any loss allowances.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired financial assets –assets that are credit-impaired at initial recognition, the Company calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate, discounted using the original effective interest rate. Any changes are recognised in the statement of comprehensive income.

(ii) Interest income

Interest income and interest expense on interest bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount, except for:

- (a) Purchased or Originated Credit Impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset; and
- (b) Financial assets that are not Purchased or Originated Credit Impaired “POCI” but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e.net of the expected credit loss provision) in subsequent reporting periods.

(iii) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through the profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities are carried at fair value through profit or loss are expensed in profit or loss. Immediately after the initial recognition, an expected credit loss allowance (ECL) is recognised for the financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI), which results in an accounting loss being recognised in the statement of comprehensive income when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Financial assets

(i) Classification and subsequent measurement

The Company classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)
- Amortised cost

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse. Classification and subsequent measurement of debt instruments depend on:

- (a) the Company's business model for managing the asset; and
- (b) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss (FVPL), are measured at amortised cost. The carrying amount of these assets are adjusted by any expected credit loss allowance. Interest income from financial assets is included in "interest and similar income" using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss (FVPL), are measured through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from equity to profit or loss and recognised in "net investment income" using the effective interest rate method.
- Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented within "net trading income" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in "net investment income". Interest income from these financial assets is included in "interest income" using the effective interest rate method.
- Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at fair value through profit or loss (FVPL). Factors considered by the Company in determining the business model for a class of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets is held by the Company as part of liquidity management and is generally classified with the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at fair value through profit or loss (FVPL).
- Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represents solely payments of principal and interest (the "SPPI test"). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.
- Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.
- The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. The changes are expected to be very infrequent and none occurred during the year.
- Equity Instruments
- Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.
- The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as fair value through other comprehensive income (FVOCI) when those investments are held for purposes other than to generate investment returns. When this election

is used, fair value gains and losses are recognised in other comprehensive income (OCI) and are subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversals of impairment losses) are not reported separately from other changes in fair values. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Company's right to receive payment is established.

- Gains and losses on equity investments at fair value through profit or loss (FVPL) are included in the "net trading income" line in the statement of profit or loss.

(ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and fair value through other comprehensive income (FVOCI) and with the exposure arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at each reporting date. The measurement of expected credit losses (ECL) reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(iii) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in interest rate;
- Change in the currency of the loan; and
- Insertion of collateral, other security or credit enhancement that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit impaired (POCI) financial assets.

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as “pass through” transfers that result in derecognition if the Company:

- (a) Has no obligation to make payments unless it collects equivalent amounts from the assets
- (b) Is prohibited from selling or pledging the assets; and
- (c) Has an obligation to remit any cash it collects from assets without material delays

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Company retains substantially all the risks and rewards on the basis of a predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Company retains a subordinated residual interest.

Financial liabilities

(i) Classification and subsequent measurement

In both the current period and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss such as derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair values of the financial liability that is attributable to changes in the credit risk of that liability) and partially profit or loss (the remaining amount of change in the fair value of the liability);
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Company recognises any expense incurred on the financial liability; and

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modification of the terms of the existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If the exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange of modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

- their risks and economic characteristics are not closely related to those of the host contract;
- a separate instrument with the same terms would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value through profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Funds restricted for a period of more than three months on origination and cash reserve deposits with the Central Bank of Kenya are excluded from cash and cash equivalents. In the balance sheet, HFC mortgage scheme deposits are included as other receivables under assets and bank overdrafts, if any, are included as borrowings under liabilities. Cash and cash equivalents are carried at amortised cost.

(h) Property and equipment

All categories of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life.

The annual depreciation rates used are as follows:

Particulars	Rate - %
Motor vehicles	25%
Computers	25%
Office equipment	20%
Furniture and fittings	10%

Leasehold improvements

Over the period of the lease

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

(i) Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives. Software has a maximum expected useful life of 5 years.

(j) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis.

(l) LeasesLeases under which the Company is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are recognised in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the retained earnings to revaluation surplus reserve.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

Leases under which the Company is the lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit or loss on a straight-line basis over the lease term.

(m) Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(n) Post-employment benefit obligations

The liability for post-employment benefit obligations relates to terminal gratuities. The Company does not fund this obligation in advance.

The Company's obligations, both vested and unvested, to pay terminal gratuities to employees are recognised based on employees' service up to the reporting date and their salaries at that date. The net change in the obligation is recognised in profit or loss.

The Company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance Company. A defined contribution plan is a plan under which the Company pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Company's contributions are charged to the profit and loss account in the year to which they relate.

The Company and its employees contribute to statutory social security and housing schemes in accordance with Kenyan law. These include contributions to the National Social Security Fund (NSSF), a national defined contribution scheme, and the Affordable Housing Levy (AHL) as provided under the Affordable Housing Act, 2024. The NSSF contributions are made at the prescribed tiered rates, while the Affordable Housing Levy requires both the employer and employees to contribute 1.5% of the employee's gross monthly salary, each. All contributions are determined by statute and are remitted to the respective authorities by the stipulated due dates. The Company's contributions are recognized as an expense in the profit and loss account in the period to which they relate.

(o) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the asset based either on actual cost on specific borrowings or, in the case of general borrowings, based on a weighted average cost.

Capitalisation of borrowing costs ceases when all activities necessary to prepare the asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss.

(p) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Note 2 Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Company, the directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

(a) Significant judgements made in applying the Company's accounting policies

The judgements made by the directors in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- (i) Classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest;
- (ii) Whether credit risk on financial assets has increased significantly since initial recognition; and
- (iii) How to determine the incremental borrowing rate used in the discounting of lease liabilities.

(b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

- (i) Impairment losses

Estimates made in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward looking information, and of losses given default.

- (ii) Useful lives and residual values of property and equipment and intangible assets

Management reviews the useful lives and residual values of the items of property and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

- (iii) Accounting for leases under IFRS 16

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.
- Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Note 3 Financial risk management

The Company's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Company risk management are to identify all key risks for the Company, measure these risks, manage the risk positions and determine capital allocations to each operating entity. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Company's risk management objective is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The Company defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Financial risk management is carried out by the management under policies approved by the Board of Directors. The management function identifies and evaluates financial risks in close co-operation with the individual Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment.

3.1 Credit risk and expected credit losses

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations. Credit risk arises mainly from loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances.

The Company is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets.

Credit risk is the single largest risk for the Company's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk management team, which reports to the Board of Directors and head of each business unit regularly.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution. The Company carries out its own assessment of credit risk before investing, and updates such assessments at each reporting date.

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 90 days past due.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract;
- it is probable that the debtor will enter bankruptcy; and
- the disappearance of an active market for the financial asset because of financial difficulties.

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance					
	12-month expected credit losses	Lifetime expected credit losses (see note below)			Total
		A	B	C	
At 31st December 2025					
Loans and advances	19,581,092,864	-	-	-	19,581,092,864
Short-term bank deposits	17,434,034,009	-	-	-	17,434,034,009
Financial Assets at Amortised Cost	5,386,418,174	-	-	-	5,386,418,174
Cash at bank	241,573,554	-	-	-	241,573,554
Exposure to credit risk	42,643,118,601	-	-	-	42,643,118,601
At 31st December 2024					
Loans and advances	11,889,761,798	-	-	-	11,889,761,798
Short-term bank deposits	14,500,603,827	-	-	-	14,500,603,827
Financial Assets at Amortised Cost	5,316,118,168	-	-	-	5,316,118,168
Cash at bank	102,456,385	-	-	-	102,456,385
Exposure to credit risk	31,808,940,178	-	-	-	31,808,940,178

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- (a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
- (b) financial assets that are credit impaired at the balance sheet date; and
- (c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

3.2 Liquidity risk

The Company is exposed to the risk that it will encounter difficulty in raising funds to meet commitments associated with customer requirements. Liquidity risk is addressed through the following measures:

(i) Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Finance Committee, is tasked with the responsibility of ensuring that all foreseeable funding commitments and deposits withdrawals can be met when due and that no difficulties meeting financial liabilities as they fall due is encountered.

(ii) Source of funding

The Company successfully concluded a capital mobilization drive which resulted in the Government of Kenya, eight (8) commercial banks, one (1) micro finance bank, eleven (11) SACCOs and two (2) Development Finance Institutions injecting equity funds.

The Company also has a window to borrow funds from the Government of Kenya to be utilised as a line of credit to provide mortgage refinancing to the eligible participating financial institutions and offer technical assistance to support project implementation.

The Company also raised additional funding from the capital market through issuance of bonds.

(iii) Exposure to liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Finance Committee, is tasked with the responsibility of ensuring that all foreseeable funding commitments and deposits withdrawals can be met when due and that no difficulties meeting financial liabilities as they fall due is encountered. portfolio of short-term liquid assets largely made up of short-term liquid investment securities and Company facilities ensure that sufficient liquidity is maintained within the Company as a whole. A Mortgage Refinance Company shall maintain such leverage ratio as may be specified by the Central Bank of Kenya by notice in the Gazette.

The table below represents the cash flows payable by the Company under non - derivative financial liabilities by remaining contractual maturities at the end of the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one month	Between 1-3 months	Between 3-12 months	Over 1 year	TOTAL
At 31st December 2025					
Other liabilities	8,485,514	44,912,805	12,435,083	418,372,236	484,205,638
Borrowings	-	1,738,080,020	592,130,661	33,535,192,840	35,865,403,521
Debt securities in issue	-	-	194,558,006	780,936,161	975,494,167
Lease liabilities	-	-	10,601,904	34,482,691	45,084,595
	8,485,514	1,782,992,825	809,725,654	34,768,983,928	37,370,187,921
At 31st December 2024					
Other liabilities	6,816,990	65,723,678	9,856,968	391,785,110	474,182,746
Borrowings	-	-	826,307,414	24,904,893,646	25,731,201,060
Debt securities in issue	-	-	172,940,450	936,690,400	1,109,630,850
Lease liabilities	-	-	10,583,350	10,583,350	21,166,700
	6,816,990	65,723,678	1,019,688,182	26,243,952,506	27,336,181,357

The Company manages the inherent liquidity risk based on expected undiscounted cash inflows.

3.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency risk

The Company operates wholly within Kenya and its assets and liabilities are reported in the local currency. As at the end of trading period it had no currency risk pertaining to its operations.

The Company does not engage in activities that may lead it to incur foreign exchange, commodity or equity, or use financial derivatives except as hedging instruments.

Interest rate risk

The Company's exposure to interest rate risk arises from short-term bank deposits. Borrowings, loans and advances and other financial assets are fixed interest securities and therefore not susceptible to market interest rate changes.

Financial assets and liabilities advanced and obtained at different rates expose the Company to interest rate risk. Financial assets and liabilities obtained at fixed rates expose the Company to fair value interest rate risk, except where the instruments are carried at amortised cost. The Company maintains adequate ratios of borrowings when compared to total borrowings in fixed interest rates.

The table below summarises the effect on post-tax profit had interest and equity rates been 1 percentage point higher, with all other variables held constant. If the interest rates were lower by 1 percentage point, the effect would have been the opposite.

	2025	2024
Effect on profit (decrease)/increase	172,376,969	145,006,038
Effect on equity (decrease)/increase	120,663,878	101,504,227

Other price risk

Other price risk arises on financial instruments because of changes in the price of a financial instrument. The Company is not exposed to other price risk because it has no investments in instruments like quoted shares as at the end of the year.

Note 4 Capital Risk Management

The company's objective when managing capital, which is a broader concept than the "equity" on the face of the statement of financial position, are:

- (i) To comply with the capital requirements set by the Central Bank of Kenya;

- (ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

The Institution's aim is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

In implementing current capital requirements, the Central Bank of Kenya requires each Mortgage Refinance Company's Institution to maintain;

- A core capital of not less than one billion shillings;
- A core capital of not less than 10.5 per centum of total risk weighted assets plus risk weighted assets and off-balance sheet items;
- A total capital of not less than 14.5 per centum of its total risk weighted assets plus risk weighted assets and off-balance sheet items; and
- The computation of risk weighted assets and off-balance sheet items shall be computed as may be determined by the Regulator from time to time.

The Company has complied with all externally imposed capital requirements.

The table below summarises the composition of regulatory capital and the ratios of the Company for the year ended 31 December 2025. During the year, the Company complied with all of the externally imposed capital requirements to which they are subject.

Capital	2025	2024
Share Capital	1,808,375,125	1,808,375,125
Retained profit	3,836,944,905	2,911,800,468
	5,645,320,030	4,720,175,593
Core capital (Tier 1)	5,615,286,610	4,703,504,868
Supplementary capital (Tier 2)	7,952,250,038	7,639,507,252
Total Capital	13,567,536,648	12,343,012,120
Total risk - weighted assets	10,885,917,756	7,369,804,061

Capital ratios

Total regulatory capital expressed as a percentage of total risk	124.6%	167.5%
Minimum total capital to risk weighted assets requirement	14.5%	14.5%
Excess	110.1%	153.0%
Total regulatory core capital to total risk weighted assets ratio	51.6%	63.8%
Minimum core capital to total risk weighted assets ratio	10.5%	10.5%
Excess	41.1%	41.1%

Note 5 - Revenue — Interest Income	2025	2024	2023	2022	2021
(a) Interest on loans and advances — Primary Mortgage Lenders (PMLs)					
Mortgage lending	897,350,437	493,397,532	390,074,989	195,339,115	24,419,799
Total - Interest on loans and advances	897,350,437	493,397,532	390,074,989	195,339,115	24,419,799
(b) Other interest income — financial assets at amortised cost					
Interest income — financial assets at amortised cost	2,292,320,335	2,720,785,419	2,010,652,190	1,105,483,944	686,526,589
Other income (lease modification income, 2025)	1,502,820	718,614	-	-	-
Total - Other interest income	2,293,823,155	2,721,504,033	2,010,652,190	1,105,483,944	686,526,589

Note 6 Interest expenses	2025	2024	2023	2022	2021
The National Treasury	788,603,351	510,700,564	478,253,715	265,591,257	174,820,172
GOK/AfDB 2000200004101	531,836,755	429,055,536	361,455,735	220,019,472	69,494,583
Debt securities in issue	132,247,878	115,235,022	175,000,003	146,712,332	-
Lease liabilities	2,696,904	692,369	1,402,385	2,003,009	2,558,617
Total - Interest expenses	1,455,384,888	1,055,683,491	1,016,111,838	634,326,070	246,873,372

Total interest expense for financial liabilities are measured at amortised cost.

Note 7 Net movement in expected credit losses	2025	2024	2023	2022	2021
Loans and advances	663,965	(456,518)	840,717	675,480	129,297
Short-term bank deposits	162,957	(239,024)	392,192	249,809	232,095
Cash at bank	6,447	(366,463)	121,647	170,032	79,422
Financial assets at amortized costs	7,928	9,256	224,671	-	-
Total - Net movement in expected credit losses	841,296	(1,052,749)	1,579,227	1,095,321	440,814

Note 8 Governance expenses	2025	2024	2023	2022	2021
Directors remuneration	10,092,000	9,928,600	9,576,000	8,286,000	9,060,000
Sitting allowance	8,172,000	6,156,000	7,695,000	6,237,000	5,913,000
Board evaluation	348,000	348,000	348,000	-	-
AGM expenses	453,560	739,480	787,752	338,108	210,772
Total - Governance expenses	19,065,560	17,172,080	18,406,752	14,861,108	15,183,772

Note 9 Marketing expenses	2025	2024	2023	2022	2021
Public relations and advertisements	30,368,951	26,697,596	23,817,007	14,800,199	13,801,382
Total - Marketing expenses	30,368,951	26,697,596	23,817,007	14,800,199	13,801,382

This balance relates to publicity and marketing initiatives including branding and stakeholder engagements.

Note 10 Staff costs	2025	2024	2023	2022	2021
Salaries and wages	143,679,262	120,459,235	105,078,925	85,103,071	63,153,265
Pension costs:	-	-	-	-	-
defined contribution scheme	6,942,616	6,797,910	5,880,801	4,977,817	3,337,293
National Social Security Fund	1,092,088	505,553	234,761	44,000	38,000
Other post-employment benefits	22,050,796	15,558,729	12,734,422	9,144,140	6,187,764
Medical insurance	8,839,425	8,328,470	8,128,090	4,851,730	5,243,391
Other staff costs	5,213,582	7,186,672	2,565,940	1,078,396	639,733

Total - Staff costs	187,817,769	158,836,569	134,622,939	105,199,154	78,599,446
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Note 11 Administration expenses	2025	2024	2023	2022	2021
Staff costs	-	-	-	-	-
Board expenses	-	-	-	-	-
Provision for post-employment benefits	-	-	-	-	-
Corporate Social Responsibility	-	-	396,900	1,122,023	20,000
Motor vehicle running expenses	1,355,840	1,891,507	1,330,260	841,828	311,758
Electricity	-	-	-	-	-
Fines and penalties	-	-	-	-	-
Office rent and service charge	-	-	-	-	-
Conferences, Seminars and workshops	53,318,481	61,309,073	42,634,840	33,401,238	15,491,077
Licenses and permits	2,936,298	2,327,680	2,385,443	757,142	1,380,681
Appraisal fees	-	-	-	-	-
ICT expenses	18,563,404	13,159,641	22,436,026	4,736,386	4,873,861
Telephone, postage and internet	2,595,924	2,328,484	2,369,442	2,397,663	2,385,223
Marketing and advertisement	-	-	-	-	-
Office running expenses	4,268,409	3,729,075	6,931,879	3,730,738	3,444,672
Consultancy fees	8,053,528	10,253,934	8,761,505	1,444,454	5,494,557
Insurance costs	7,003,349	7,105,520	6,093,338	2,721,563	2,450,276
Audit fee	1,928,500	2,099,600	1,429,700	700,000	700,000
Bank charges	678,646	550,798	545,542	451,366	335,124
Subscriptions	3,689,406	4,073,199	2,082,240	2,942,931	635,571
Total - Administration expenses	104,391,785	108,828,511	97,397,115	55,247,332	37,522,800

Conferences, seminars and workshops expense includes Board capacity building expenses of Kes 22,970,575

Note 12 Other operating expenses	2025	2024	2023	2022	2021
Office rent and service charge	4,631,344	3,991,146	3,777,996	3,760,921	3,484,780
Electricity	898,550	941,515	962,613	855,840	719,534
Fines and penalties	-	-	-	-	11,925
Bond issuance costs	927,504	1,063,800	888,800	15,130,170	4,843,441
Total - Other operating expenses	6,457,398	5,996,461	5,629,409	19,746,931	9,059,680

Bond issuance costs relate to the annual expenses incurred on the KMRC Medium Term Note issued in 2022 and maturing on 23rd February 2029.

Note 13 Depreciation and amortisation expenses	2025	2024	2023	2022	2021
Depreciation of property and equipment	8,874,744	13,023,571	14,497,377	13,782,376	14,294,689
Depreciation on right-of-use assets	10,335,176	8,103,714	8,103,714	8,103,714	8,103,714
Amortisation of intangible assets	448,546	1,292,405	2,762,755	2,762,755	1,611,607
Amortisation of financial assets at amortised cost	2,335,794	2,342,194	2,335,794	1,400,889	176,384
Total - Depreciation and amortisation expenses	21,994,260	24,761,884	27,699,640	26,049,734	24,186,394

Note 14 : Income Tax	2025	2024	2023	2022	2021
(a) Income Tax Expense					
Current income tax	369,694,107	503,355,049	234,899,902	109,493,589	92,387,312
Deferred tax (income)/expense — origination & reversal of temporary differences (Note 18)	(7,284,784)	(7,439,326)	(7,223,446)	(1,357,098)	(3,947,277)
Under provision in prior years on: current tax	-	-	-	-	227,620
Deferred tax expense relating to change in tax rate	-	-	-	-	-
Income Tax Expense	362,409,323	495,915,723	227,676,456	108,136,491	88,667,655
Net profit before income tax	1,364,851,685	1,817,977,722	1,075,463,252	429,497,210	285,278,728
Tax calculated at the statutory tax rate	409,455,506	545,393,317	322,638,976	128,849,163	85,583,618
Tax effects of:					
Expenses not deductible for tax purposes	10,178,800	928,215	14,681,604	6,608,856	2,748,360
Income not subject to tax	(49,471,199)	(49,471,200)	(49,471,199)	(27,378,582)	-
Effect of change in statutory tax rate on deferred tax	-	-	-	-	-
Over-provision in prior year	(7,753,784)	-	(60,172,925)	57,054	335,677
Income tax credit	362,409,323	496,850,332	227,676,456	108,136,491	88,667,655

(b) Statement of Financial Position — Current Tax Payable / (Recoverable)					
At 1 January (opening balance)	153,781,546	(122,136,511)	(77,824,477)	(18,454,791)	7,656,358
Current tax charge for the year	369,694,107	503,355,049	234,899,902	109,493,589	92,387,312
Tax paid during the year:					
Balance of tax paid	-	-	-	-	(7,656,358)
Installment tax	(505,083,476)	(180,042,079)	-	-	(300,000)
Withholding tax	(279,124,717)	(47,394,913)	(279,211,936)	(168,863,275)	(110,542,103)
At 31 December (closing balance)	(260,732,540)	153,781,546	(122,136,511)	(77,824,477)	(18,454,791)

Note 15 : Property and Equipment	2025	2024	2023	2022	2021
COST					
Motor vehicles					
Opening balance	18,575,844	18,575,844	18,575,844	18,575,844	18,575,844
Additions	-	-	-	-	-
Disposals / write-offs	-	-	-	-	-
Closing balance	18,575,844	18,575,844	18,575,844	18,575,844	18,575,844
Computers					
Opening balance	31,467,121	30,673,342	27,770,383	26,708,983	4,394,518
Additions	3,433,410	1,060,821	3,314,179	1,061,400	22,314,465
Disposals / write-offs	-	(267,042)	(411,220)	-	-
Closing balance	34,900,531	31,467,121	30,673,342	27,770,383	26,708,983
Office equipment					
Opening balance	(1,723,399)	(1,723,399)	(1,723,399)	1,749,740	744,740
Additions	-	-	-	-	1,005,000
Disposals / write-offs	-	-	-	3,473,139	-
Closing balance	(1,723,399)	(1,723,399)	(1,723,399)	(1,723,399)	1,749,740
Furniture and fittings					
Opening balance	12,229,889	12,229,889	11,970,000	11,970,000	11,970,000
Additions	519,876	-	259,889	-	-
Disposals / write-offs	-	-	-	-	-
Closing balance	12,749,765	12,229,889	12,229,889	11,970,000	11,970,000

Leasehold improvements					
Opening balance	34,826,419	34,826,419	34,826,419	31,353,280	27,318,037
Additions	1,983,369	-	-	-	4,035,243
Disposals / write-offs	-	-	-	-3,473,139	-
Closing balance	36,809,788	34,826,419	34,826,419	34,826,419	31,353,280
TOTAL COST	101,312,529	95,375,874	94,582,095	91,419,247	90,357,847

ACCUMULATED DEPRECIATION					
Motor vehicles					
Opening balance	18,575,844	15,396,707	10,850,730	6,206,769	1,562,808
Charge for the year	-	3,179,137	4,545,977	4,643,961	4,643,961
Depreciation on disposals	-	-	-	-	-
Closing balance	18,575,844	18,575,844	15,396,707	10,850,730	6,206,769
Computers					
Opening balance	28,173,284	21,042,016	13,770,856	7,053,502	586,454
Charge for the year	2,624,166	7,369,566	7,271,160	6,717,354	6,467,048
Depreciation on disposals	-	(238,298)	-	-	-
Closing balance	30,797,450	28,173,284	21,042,016	13,770,856	7,053,502
Office equipment					
Opening balance	4,553,585	3,509,009	2,464,433	1,419,857	12,412
Charge for the year	666,503	1,044,576	1,044,576	1,044,576	1,407,445
Depreciation on disposals	-	-	-	-	-
Closing balance	5,220,088	4,553,585	3,509,009	2,464,433	1,419,857

Furniture and fittings					
Opening balance	5,319,827	4,103,956	2,911,908	1,722,026	532,143
Charge for the year	1,244,149	1,215,871	1,192,048	1,189,882	1,189,883
Depreciation on disposals	-	-	-	-	-
Closing balance	6,563,976	5,319,827	4,103,956	2,911,908	1,722,026
Leasehold improvements					
Opening balance	23,282,597	18,685,052	14,087,507	9,489,963	4,553,006
Charge for the year	4,597,544	4,597,545	4,597,545	4,597,544	4,936,957
Depreciation on disposals	-	-	-	-	-
Closing balance	27,880,141	23,282,597	18,685,052	14,087,507	9,489,963
TOTAL ACCUMULATED DEPRECIATION	89,037,499	79,905,137	62,736,740	44,085,434	25,892,117
Net Book Value	12,275,030	15,470,737	31,845,355	47,333,813	64,465,730

Note 16 - Intangible Assets (IAS 38)	2025	2024	2023	2022	2021
Cost					
At 1 January	17,665,435	16,365,435	16,365,435	16,914,135	7,203,673
Additions	-	1,300,000	-	-	9,710,462
Write-offs	-	-	-	(548,700)	-
Cost at 31 December	17,665,435	17,665,435	16,365,435	16,365,435	16,914,135
Accumulated amortisation					
At 1 January	16,505,964	12,788,214	7,600,115	2,412,015	800,408
Amortisation charge for the year	449,274	3,717,750	5,188,099	5,188,100	1,611,607
Accumulated amortisation at 31 December	16,955,238	16,505,964	12,788,214	7,600,115	2,412,015
Net book value at 31 December	710,197	1,159,471	3,577,221	8,765,320	14,502,120

The above software cost relates to an Enterprise Resource Planning (ERP) currently in use by the Company as well as a KMRC Mobile app.

The management made a call based on best practice as well as the estimated useful life of the software, to amortize the software over a period of three years beyond which the Company does not anticipate to derive benefits from use of the system. An amortization rate of 33.33% has therefore been applied in regard to the ERP.

Note 17 - Right-of-Use Assets (IFRS 16)	2025	2024	2023	2022	2021
Cost at 1 January / Opening balance	8,103,712	48,622,282	48,622,282	48,622,282	48,622,282
New leases / modifications added	53,555,148	-	-	-	-
Accumulated depreciation at 1 January	-	(32,414,856)	(24,311,142)	(16,207,428)	(8,103,714)
Depreciation charge for the year	(10,335,176)	(8,103,714)	(8,103,714)	(8,103,714)	(8,103,714)
Net book value at 31 December	51,323,684	8,103,712	16,207,426	24,311,140	32,414,854

Under the previous accounting policy prepaid operating lease rentals were recognised at historical cost and subsequently amortised over the lease period.

The Company leases one office. The leases of the office is typically for periods of between 3 and 6 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee. For information on the related lease liabilities, see Note 25.

Note 18 - Other assets/ receivables	2025	2024	2023	2022	2021
Other assets	4,502,377	4,483,300	4,796,805	8,930,712	4,527,261
Accrued income	-	-	-	143,399,891	55,216,225
Staff receivables	611,717	872,361	1,128,763	1,058,250	-
HFC mortgage scheme deposit	-	-	61,836,885	62,110,883	60,596,464
Back up account	135,449,300	151,657,068	84,698,748	41,086,861	41,042,498
Unsecured Loan Scheme Account	8,223,109	45,152,205	-	-	-
Car Loan Scheme Account	42,865,190	7,742,187	7,820,786	-	-
Total - Other assets/ receivables	191,651,693	209,907,121	160,281,987	256,586,597	161,382,448

The Company has entered into an agreement with HFC Limited to operate a staff housing mortgage scheme.

The Company is required to deposit funds with HFC Limited for purposes of the scheme which will be held in the back up account, free funds account and any investment account.

Backup account is the Company's account that hold funds designated as committed for loans disbursed to eligible applicants from the Company.

The credit risk associated with the HFC Staff Mortgage Scheme is borne by HFC Bank. KMRC has provided a cash cover to secure the facility; however, the credit risk does not transfer to KMRC

Upon expiry of the agreement for the staff mortgage scheme, HFC Limited shall retain the funds in the backup account until the loans are settled in full.

Note 19 - Financial Assets at Amortised Cost (Bonds/T-Bills)	2025	2024	2023	2022	2021
At start of year	5,315,884,241	5,311,481,388	5,203,521,087	1,554,799,616	-
Additions	65,900,000	-	-	3,552,288,907	1,554,976,000
Amortisation	-	(2,342,194)	(2,335,794)	(1,400,889)	(176,384)
Accrued Interest	4,633,933	103,784,917	103,784,917	97,833,453	-
Interest paid (received)	-	(96,805,943)	6,735,849	-	-
Expected credit losses on Government securities	(241,855)	(233,927)	(224,671)	-	-
At end of year Financial Assets at Amortised Cost (Bonds/T-Bills)	5,386,176,320	5,315,884,241	5,311,481,388	5,203,521,087	1,554,799,616

Treasury bonds are debt securities issued by the Government of the Republic of Kenya. The bonds are categorized as financial assets at amortized cost. The weighted average effective interest rates on government securities as at 31 December 2025 was 13.04% (2024: 13.04%).

The fair values of the financial assets are categorised under Level 1 based on the information set out in accounting policy 1(a).

Credit risk primarily arises from the changes in the market value and the financial stability of issuers of commercial bonds and investment funds.

Management monitors the credit quality of financial assets by:

- discussion at the management and board meetings; and
- reference to external historical information available;

The maximum exposure to credit risk as at reporting date is the carrying amounts of the financial assets as disclosed above.

Note 20 - Loans and Advances (IFRS 9)	2025	2024	2023	2022	2021
Gross loans and advances to PMLs at amortised cost	19,581,092,864	11,889,761,798	8,407,168,385	6,751,152,485	1,286,847,295
Less: Expected credit loss (ECL) provision	(1,852,941)	(1,188,976)	(1,645,494)	(804,777)	(129,297)
Net loans and advances	19,579,239,923	11,888,572,822	8,405,522,891	6,750,347,708	1,286,717,998
ECL Provision Roll-Forward					
At start of year	1,188,976	1,645,494	804,777	129,297	-
Net remeasurement / new ECL	663,965	(456,518)	840,717	675,480	129,297
At end of year	1,852,941	1,188,976	1,645,494	804,777	129,297
Stage Analysis (IFRS 9)					
Stage 1 — 0 to 30 days (1% provision base)	195,810,929	118,897,618	84,071,684	67,511,525	12,868,473
FACE OF BS: Loans and advances	19,579,239,923	11,888,572,822	8,405,522,891	6,750,347,708	1,286,717,998

All loans are at stage 1

The weighted average effective interest rate on loans and advances at 31 December 2025 was 5.6% (2024: 5.6%).

(iii) IFRS 9 provisions

Reconciliation from opening to closing balance of loss allowance for loans and advances to customers at amortised cost for 2025 is shown below; comparative amounts for 2024 represent total allowance account for credit losses under stages 1, 2 and 3.

	2025				2024
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
At start of the year	1,188,976	-	-	1,188,976	1,645,494
Changes in the gross carrying amount:	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-
Net remeasurement of impairment provisions	663,965	-	-	663,965	(456,518)
New financial assets originated or purchased	-	-	-	-	-
	-	-	-	-	-
At end of year	1,852,941	-	-	1,852,941	1,188,976

In the opinion of the directors, the carrying amounts of loans and advances to customers approximate their fair value.

Note 21 - Cash and cash equivalents	2025	2024	2023	2022	2021
Fixed deposits					
KCB Bank Kenya Limited	4,557,196,076	3,660,650,000	4,389,022,010	3,820,657,858	4,946,220,307
HFC Limited	2,230,410,361	774,163,905	471,352,668	328,682,300	100,000,000
Absa Bank	2,500,000,000	2,304,000,000	2,152,699,309	282,000,000	25,202,946
NCBA Bank Kenya PLC	5,754,090,469	5,631,789,922	1,081,772,410	-	-
Co-operative Bank of Kenya Limited	2,196,000,000	2,130,000,000	1,000,000,000	1,000,000,000	-
Cash at bank and in hand	241,573,554	102,456,385	2,675,209,723	3,576,480,192	1,613,680,511
Accrued Interest	196,337,103	258,044,169	122,590,655	-	-
Expected credit losses on bank balances and short term deposits	(809,113)	(639,710)	(1,245,197)	(731,358)	(311,517)
Total - Cash & cash equivalents	17,674,798,450	14,860,464,671	11,891,401,578	9,007,088,992	6,684,792,247

For the purpose of the statement of cash flows, cash and cash equivalents comprise as shown as above.

Note 22 - Deferred income tax	2025	2024	2023	2022	2021
At 1st January					
Property and equipment					
- on historical cost basis	15,330,218	9,234,398	1,774,836	607,046	(174,847)
Software	2,214,516	749,585	(806,845)	(950,162)	(192,098)
Right-of-use assets					
- accelerated tax depreciation	617,278	3,015,166	7,293,343	4,862,228	2,431,114
Lease liabilities	(11,435,534)	(7,557,006)	(5,115,207)	(2,853,596)	(734,813)
Financial asset at amortised cost	-	700,738	-	52,915	-
Post-employment benefit obligation	15,343,496	8,487,767	4,261,075	4,331,673	773,471
Net deferred tax position – Opening balance	22,069,974	14,630,648	7,407,202	6,050,104	2,102,827
Effect of change of tax rate					
Property and equipment					
- on historical cost basis	-	-	-	-	-
Software	-	-	-	-	-
Right-of-use assets					
- accelerated tax depreciation	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Financial asset at amortised cost	-	-	-	-	-
Post-employment benefit obligation	-	-	-	-	-
Net effect of tax rate change	-	-	-	-	-

Credited/(Charged) to profit or loss					
Property and equipment					
- on historical cost basis	(3,748,738)	6,095,820	7,459,562	1,167,790	781,893
Software	(1,528,343)	1,464,931	1,556,430	143,317	(758,064)
Right-of-use assets					
- accelerated tax depreciation	49,085,564	(2,397,888)	(4,278,177)	2,431,115	2,431,114
Lease liabilities	(48,169,370)	(3,878,528)	(2,441,799)	(2,261,611)	(2,118,783)
Financial asset at amortised cost	-	(700,738)	700,738	(52,915)	52,915
Post-employment benefit obligation	11,645,671	6,855,729	4,226,692	(70,598)	3,558,202
Net credited / (charged) to profit or loss	7,284,784	7,439,326	7,223,446	1,357,098	3,947,277

At 31st December					
Property and equipment					
- on historical cost basis	11,581,480	15,330,218	9,234,398	1,774,836	607,046
Software	686,173	2,214,516	749,585	(806,845)	(950,162)
Right-of-use assets					
- accelerated tax depreciation	49,702,842	617,278	3,015,166	7,293,343	4,862,228
Lease liabilities	(59,604,904)	(11,435,534)	(7,557,006)	(5,115,207)	(2,853,596)
Financial asset at amortised cost	-	-	700,738	-	52,915
Post-employment benefit obligation	26,989,167	15,343,496	8,487,767	4,261,075	4,331,673
Net deferred tax asset / (liability) – Closing balance	29,354,758	22,069,974	14,630,648	7,407,202	6,050,104

Deferred income tax is calculated using the enacted tax rate of 30%, which is the enacted rate applying from 1st January 2021, except for capital gains, for which the enacted tax rate of 5% is used (2024: 30% and 5%).

Deferred tax assets/(liabilities), and the deferred tax charge/(credit) in the profit and loss account and in other comprehensive income are attributable to the following items.

Note 23 - Borrowings	2025	2024	2023	2022	2021
The National Treasury	22,056,671,911	11,657,418,586	10,782,090,951	10,306,124,711	4,060,128,005
GOK/AfDB 2000200004101	11,952,383,497	11,542,022,442	8,288,487,242	5,761,724,231	2,444,776,940
Accrued interest	1,856,348,113	2,531,760,032	1,592,003,932	752,294,482	266,683,753
Total - Borrowings	35,865,403,521	25,731,201,060	20,662,582,125	16,820,143,424	6,771,588,698

The Government of Kenya entered into a Loan Agreement for a line of credit for an amount of Euros 219,000,000 with the International Bank for Reconstruction and Development (IBRD) herein after called "the World Bank" on 5th December 2019. The Government of Kenya also entered into another Loan Agreement for a line of credit for an amount of Euros 90,000,000 with the African Development Bank (AfDB) on 2nd April 2020. Both loans were to undertake a project consisting of the support for establishment, capitalization and operationalization of the Kenya Mortgage Refinance Company; provision of financing by Government to the Company to be utilized as a line credit for providing the mortgage refinancing to the eligible participating financial institutions; and Technical Assistance. The exchange rate risk is born by the Government of Kenya.

The Government agreed under the Loan Agreements dated 26th February 2020 and 5th October 2020 to on-lend to the Company an amount of Euros 201,400,000 and Euros 90,000,000 from the proceeds of the two loans for the implementation of the Project as explained above.

Borrowings from the Government to KMRC are denominated in Kenya Shillings. As at 31 December 2025, total Government borrowings amounted to KES 34,099,055,408 (2024: KES 23,199,441,028). Interest payable relating to these borrowings stood at KES 1,856,348,113 (2024: KES 2,531,760,032). For the World Bank-funded facility, interest accrued during the grace and disbursement period has already been capitalised in accordance with the financing agreement. For the AfDB-funded facility, interest accrued during the grace period will be capitalised on the first principal repayment date, as provided for under the loan terms. Management expects to meet all contractual obligations as they fall due

The fair values of current borrowings equal to their carrying amount, as the impact of discounting is not significant.

At the year-end, the Company had undrawn facilities which it may utilise to fund its obligations as shown below.

	AfDB EUR	World Bank EUR	TOTAL EUR
Loan	90,000,000	210,200,000	300,200,000
Sub-debt drawn down	18,000,000	35,000,000	53,000,000
Credit line drawn down	72,000,000	130,200,000	202,200,000
Total Drawn Down	90,000,000	165,200,000	255,200,000
Cancelled Facility	-	45,000,000	45,000,000
Undrawn Facilities	-	-	-

Note 24 - Debt Securities in Issue (IFRS 9)	2025	2024	2023	2022	2021
At start of year	1,144,171,817	1,331,063,298	1,459,167,332	-	-
Additions (new issuances)	-	-	-	1,400,000,000	-
Repayments of principal	(300,835,528)	(302,036,503)	(195,811,638)	-	-
Interest on bonds accrued	93,354,111	108,876,790	67,707,604	59,167,332	-
Prior period adjustments	-	(28,272,736)	-	-	-
Accrued interest payable	38,803,767	34,540,967	-	-	-
Balance as at 31 December	975,494,167	1,144,171,816	1,331,063,298	1,459,167,332	-
Maturity Profile					
Within one year	194,558,006	172,940,450	153,724,844	-	-
Later than one year but within three years	465,115,233	523,254,637	586,376,213	-	-
Later than three years but within five years	277,017,161	413,435,763	523,254,637	-	-
FACE OF BS: Debt securities in issue	975,494,167	1,144,171,817	1,331,063,298	-	-

Debt securities in issue comprise of the below principal amounts;

- KES 936,690,400 (2024: KES 1,109,630,850) Medium Term Note issued in the year 2022 and has a maturity date of 23rd February 2029.

Note 25 - Lease liabilities	2025	2024	2023	2022	2021
At 31 December	59,604,903	14,662,432	23,511,777	31,651,105	39,189,809
The total cash outflow for leases in the year was:					
Payments of principal portion of the lease liability	9,806,760	11,545,473	10,583,350	10,495,884	9,621,227
Maturity analysis					
Within one year	10,601,904	10,583,350	11,545,473	-	-
Later than one year but within three years	34,482,651	-	10,583,350	-	-

For more information on the nature of the leases entered into and the related right-of-use assets, see Note 17

Note 26 - Trade and other payables	2025	2024	2023	2022	2021
Accruals	12,435,083	9,856,968	3,506,883	11,400,938	21,875,729
Trade payables	6,109,038	31,182,711	26,811,068	7,284,915	3,188,266
Payroll liabilities	8,485,514	6,816,990	9,508,022	6,907,926	30,467,766
Other payables	-	-	718,586	737,572	733,125
Due to shareholders	345,818,100	345,818,100	345,818,100	346,012,910	580,324,875
Post-employment benefit obligation	72,554,136	45,967,010	30,644,561	17,910,139	8,765,999
Total - Trade and other payables	445,401,871	439,641,779	417,007,220	390,254,400	645,355,760
Note 27 - Share Capital (IAS 32)	2025	2024	2023	2022	2021
At 1 January (opening balance)	1,808,375,125	1,808,375,125	1,808,375,125	1,808,375,125	1,291,000,100
Issue for cash during year	-	-	-	-	517,375,025
Share Capital as at 31 December	1,808,375,125	1,808,375,125	1,808,375,125	1,808,375,125	1,808,375,125

The total number of authorised ordinary shares is 50,000,000 (2024:50,000,000) with a par value of KES. 100 each.

Note 28 - Contribution pending allotment	2025	2024	2023	2022	2021
At 1 January (opening balance)	-	-	-	-	883,999,900
Movements during the year	-	-	-	-	-
Capitalisation during the year	-	-	-	-	(303,675,025)
Transfer to amounts due to shareholders	-	-	-	-	(580,324,875)
At 31 December (closing balance)	-	-	-	-	-

Note 29 - Post-employment benefit obligation	2025	2024	2023	2022	2021
At 1 January (opening balance)	45,967,010	30,644,561	17,910,139	8,765,999	-
Additional provision made during the year, charged to profit or loss	26,587,126	15,322,449	-	-	8,765,999
Benefits paid during the year	-	-	12,734,422	9,144,140	-
At end of year	72,554,136	45,967,010	30,644,561	17,910,139	8,765,999

The Company's obligation to pay terminal gratuities, based on employees' years of service and salaries at the balance sheet date is as follows:

Note 30 - Commitments under operating leases	2025	2024	2023	2022	2021
Within one year	13,233,826	10,583,350	11,545,473	10,583,350	10,495,884
Later than one year but within five years	45,084,595	-	10,583,350	22,128,823	32,712,173
At end of year	58,318,421	10,583,350	22,128,823	32,712,173	43,208,057

The Company rents an office under operating lease. The lease is for an average period of six years, with variable rentals over the same period.

At year-end, the Company has outstanding commitments for minimum lease payments under non-cancellable operating leases that fall due as follows:

Note 31 - Related party transactions	2025	2024	2023	2022	2021
Loans and advances					
Mortgages to Primary Mortgage Lenders	19,250,807,991	11,888,572,822	8,405,522,891	6,750,347,708	1,286,717,998
Due to related parties (Note 25)					
At 1st January	345,818,100	345,818,100	346,012,910	580,324,875	883,999,900
Amounts (capitalised)/received during the year	-	-	(194,810)	(234,311,965)	(303,675,025)
Key management compensation					
Salaries and other employment benefits	145,136,467	134,070,589	129,078,318	85,278,981	56,956,390
Directors' benefits and other remuneration					
fees	10,092,000	9,928,600	9,576,000	8,286,000	9,060,000
allowances	8,172,000	6,156,000	7,695,000	6,237,000	5,913,000
Total - Related party transactions	19,760,026,558	12,384,546,111	8,897,690,309	7,196,162,599	1,938,972,263

The National Treasury with the support of the World Bank established the Kenya Mortgage Refinance Company PLC (KMRC), a private Company that refinances housing loans issued by eligible financial institutions in Kenya. The Company is related to eligible financial institutions through common shareholding and directorship.

Note 32 - Other reserves	2025	2024	2023	2022	2021
At start of year	289,880	7,098,349	13,934,635	20,770,920	-
Additional provision made during the year, capitalised	-	-	-	-	25,121,525
Amortisation	(258,345)	(6,808,469)	(6,836,286)	(6,836,285)	(4,350,605)
At end of year	31,535	289,880	7,098,349	13,934,635	20,770,920

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PROSPECTIVE FINANCIAL INFORMATION

The Directors are responsible for the preparation and presentation of the prospective financial information in accordance with applicable accounting standards and regulatory requirements. This responsibility includes:

- i. Ensuring that the prospective financial information is prepared on a reasonable and consistent basis.
- ii. Applying appropriate accounting policies and making reasonable assumptions that reflect the Company's expected future performance.
- iii. Ensuring that the information is free from material misstatement and fairly represents the Company's financial position and performance for the periods presented.
- iv. Maintaining adequate accounting records and internal controls to safeguard the Company's assets and to ensure the reliability of the financial information.

The Directors confirm that the prospective financial information has been prepared after due consideration of the Company's historical performance, current circumstances, and future plans. However, actual results may differ from the prospective financial information presented, as future events and circumstances may not occur as expected.

The Directors acknowledge that the independent audit of the prospective financial statements does not relieve them of their responsibilities.

Approved by the board of Directors on 28th April 2026 and signed on its behalf by:



Dr. Haron Sirima, OGW
Director



Mr. Johnstone Oltetia
Director

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

The Directors,

Kenya Mortgage Refinance Company PLC,

27th Floor, UAP Old Mutual Tower, Upperhill Road, Upperhill,

P.O. Box 15494 – 00100

Nairobi.

Independent auditors report on the prospective financial information of Kenya Mortgage Refinance Company PLC

We have undertaken a reasonable assurance review of the accompanying prospective financial information (the “Forecast”) of Kenya Mortgage Refinance Company PLC (the Company) set out on pages 5 to 7 comprising the statement of financial position as at 31 December 2026, 31 December 2027, 31 December 2028 and the statements of profit or loss and other comprehensive income and changes in equity for the years ending then in accordance with the International Standard on Assurance Engagements

The forecast has been prepared on the basis of assumptions set out on pages 8 to 14 and the accounting policies set out in the Accountant’s report.

Kenya Mortgage Refinance Company PLC responsibility for the projected financial statements

Kenya Mortgage Refinance Company PLC is responsible for the preparation and presentation of the projected financial statements, including the assumptions set out in Section 6 and accounting policies set out in Section 3 on which they are based. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the projected financial statements that are based on the accompanying assumptions.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

Our responsibility

Our responsibility is to provide the opinion required by the Capital Markets Authority (“CMA”). We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, Assurance engagements other than audits or reviews of historical financial information (‘ISAE 3000’), issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether management has properly compiled, in all material respects, the projected financial statements on the basis of the assumptions set out in Section 6 and the accounting policies set out in Section 3 of the Accountant’s report.

This reasonable assurance engagement, performed in accordance with ISAE 3000, involved performing procedures to obtain evidence that the projected financial statements were properly compiled by management on the basis of the assumptions set out in Section 6 and that the basis of accounting used is consistent with the accounting policies of the Company. The nature, timing and extent of procedures selected in an ISAE 3000 engagement depend on the auditor’s judgment, including the assessment of the risks of improper compilation, whether due to fraud or error, of the projected financial statements. In making those risk assessments, we considered internal control relevant to Kenya Mortgage Refinance Company PLC’s preparation of the projected financial statements. Our procedures included evaluating whether the accounting policies applied in the preparation of the projected financial statements were consistent with the accounting policies used by management in the preparation of the entity’s previous financial statements and whether the projected financial statements had been properly compiled on the basis of those accounting policies and management’s assumptions. We also considered the overall presentation of the projected financial statements, including the disclosure of the assumptions on which it is based.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent limitations

The projected financial statements have been prepared for the purpose of inclusion in the information memorandum in support of the Company’s bond issue and may not be used for any other purpose. Because of its forward looking nature, the projection has been prepared using a set of assumptions that include hypothetical assumptions about future events and management’s actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Consequently, we express no opinion on the validity of the assumptions on which the projection is based or on how closely the results actually achieved will compare with the projection.

Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material. Further, we emphasise that the projected financial statements are not intended to, and do not, provide all the information and disclosures necessary to give a fair presentation in accordance with international financial reporting standards (“IFRS”).

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

Opinion

In our opinion the projected financial statements have been properly compiled on the basis of the assumptions set out in Section 6 and the basis of accounting used is consistent with the accounting policies of the Company.

Intended users and purpose

These projected financial statements have been prepared for the purpose described above, and may, therefore, not be appropriate for another purpose. Our report is intended solely for the directors of Kenya Mortgage Refinance Company PLC for inclusion in the information memorandum in support of the Company's bond issue and may not be used for any other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



CPA Parag Shah, Practising Certificate No. P/1828
Engagement partner responsible for the engagement

For and on behalf of Grant Thornton Kenya LLP

Certified Public Accountants
(Kenya) Nairobi
M/1890/1224/AUD

28th April 2026

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

Statement of Comprehensive Income			
Particulars	2026	2027	2028
REVENUE			
Interest on loans and advances	1,233,632,097	1,677,739,651	2,281,725,926
Other interest income	2,190,208,593	2,409,229,452	2,529,690,925
Total Interest Income	3,423,840,690	4,086,969,104	4,811,416,851
Finance Cost	(1,932,352,334)	(2,486,473,507)	(2,776,612,567)
Net Interest Income	1,491,488,356	1,600,495,597	2,034,804,284
EXPECTED CREDIT LOSSES			
Net movement in expected credit losses	(3,000,000)	(4,080,000)	(5,548,800)
OPERATING EXPENSES			
Governance expenses	(32,385,000)	(32,885,000)	(33,385,000)
Directors remuneration	13,980,000	13,980,000	13,980,000
Meeting allowance	17,305,000	17,305,000	17,305,000
Annual General Meeting expenses	500,000	1,000,000	1,500,000
Board evaluation	600,000	600,000	600,000
Marketing expenses	(16,000,000)	(19,200,000)	(23,040,000)
Staff costs	(227,397,719)	(261,507,377)	(300,733,484)
Administration expenses	(98,860,625)	(103,803,656)	(108,993,839)
Other operating expenses	(18,679,200)	(21,997,120)	(24,016,832)
Short term lease rentals	16,179,200	17,797,120	19,576,832
Electricity expense	1,000,000	1,200,000	1,440,000
Bond issuance costs	1,500,000	3,000,000	3,000,000
Depreciation and amortisation expenses	(14,500,000)	(9,559,312)	(6,302,100)
Total Expenses	(410,822,544)	(453,032,466)	(502,020,055)
Profit before tax	1,080,665,811	1,147,463,131	1,532,784,229
Income tax expense	(324,199,743)	(344,238,939)	(459,835,269)
Profit for the year	756,466,068	803,224,192	1,072,948,960

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

Statement of Financial Position			
Particulars	2026	2027	2028
ASSETS			
Property and equipment	9,079,323	5,883,616	2,687,909
Intangible assets	260,923	65,231	16,308
Right-of-use assets	42,397,826	33,471,968	24,546,110
Receivables and Other assets	209,907,121	97,397,292	45,192,524
Financial assets at amortized cost	4,315,884,241	4,245,592,163	4,175,300,085
Loans and advances	28,479,239,923	35,260,239,923	43,397,439,923
Cash and cash equivalents	17,150,832,488	16,451,126,595	15,511,853,966
Deferred tax asset	36,639,542	43,924,326	36,639,542
Total Assets	50,244,241,388	56,137,701,115	63,193,676,367
EQUITY AND LIABILITIES			
Liabilities			
Borrowings	39,442,614,893	45,059,631,113	51,613,712,929
Debt securities in issue	3,742,132,394	3,230,445,410	2,654,797,553
Lease liabilities	51,348,677	42,472,958	32,402,337
Other liabilities	334,051,403	250,538,552	187,903,914
Total Liabilities	43,570,147,367	48,583,088,034	54,488,816,734
Capital resources			
Share capital	1,808,375,125	1,808,375,125	1,808,375,125
Revenue reserves	4,593,410,972	5,396,635,164	6,469,584,124
Other reserves	3,431	373	41
Statutory reserve	272,304,493	349,602,418	426,900,344
Total Equity	6,674,094,021	7,554,613,081	8,704,859,634
Total Liabilities and Equity	50,244,241,388	56,137,701,115	63,193,676,367

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

Particulars	Share capital	Revenue reserves	Statutory reserve	Other reserves	Total
As at 1 January 2026	1,808,375,125	3,836,944,905	195,006,567	31,535	5,840,358,132
Profit for the year 2026	-	756,466,068	-	-	756,466,068
Amortisation	-	-	-	(28,104)	(28,104)
Transfer to the statutory reserve	-	-	77,297,925	-	77,297,925
At 31 December 2026	1,808,375,125	4,593,410,973	272,304,492	3,431	6,674,094,021
As at 1 January 2027	1,808,375,125	4,593,410,973	272,304,492	3,431	6,674,094,021
Profit for the year 2027	-	803,224,192	-	-	803,224,192
Amortisation	-	-	-	(3,057)	(3,057)
Transfer to the statutory reserve	-	-	77,297,925	-	77,297,925
At 31 December 2027	1,808,375,125	5,396,635,165	349,602,417	373	7,554,613,081
As at 1 January 2028	1,808,375,125	5,396,635,165	349,602,417	373	7,554,613,081
Profit for the year 2028	-	1,072,948,960	-	-	1,072,948,960
Amortisation	-	-	-	(41)	(41)
Transfer to the statutory reserve	-	-	77,297,925	-	-
At 31 December 2028	1,808,375,125	6,469,584,125	426,900,342	333	8,704,859,634

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

Statement of Cash Flow			
Particulars	2026	2027	2028
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	(7,938,107,638)	(5,875,327,208)	(6,987,998,666)
Net cash from / (used in) operating activities	(7,938,107,638)	(5,875,327,208)	(6,987,998,666)
B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Net cash used in investing activities	1,070,292,078	70,292,078	70,292,078
Net cash used in investing activities	1,070,292,078	70,292,078	70,292,078
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash from financing activities	6,343,849,599	5,105,329,237	5,978,433,959
Net cash from financing activities	6,343,849,599	5,105,329,237	5,978,433,959
Net increase / (decrease) in cash and cash equivalents	(523,965,962)	(699,705,893)	(939,272,628)
Cash and cash equivalents at start of year	17,674,798,450	17,150,832,488	16,451,126,594
Cash and cash equivalents at end of year	17,150,832,488	16,451,126,594	15,511,853,966

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

Key Assumptions

The prospective financial information covering the three-year period ending 31 December 2026, 2027 and 2028 has been prepared by the Board of Directors of KMRC. The underlying assumptions adopted in the preparation of these projections are consistent with the accounting policies applied in the historical financial statements, which form part of Section 3 of this Accountant's Report

The projections are underpinned by five broad categories of assumptions, as outlined below:

- Accounting assumptions
- Balance Sheet assumptions
- Finance Cost assumptions
- Cost and CAPEX assumptions
- Investment assumption

1 Accounting Assumptions

The accounting framework applied in these projections draws on KMRC's internal policies, which have been developed in conformity with International Financial Reporting Standards (IFRS) and the provisions of Kenyan tax legislation as administered by the Kenya Revenue Authority (KRA). The principal accounting assumptions relate to the depreciation and amortisation of tangible and intangible assets on an accounting basis, as well as the corresponding capital allowance rates applied for income tax computation purposes.

The applicable rates are set out in Table 1 below:

Table 1: Accounting Assumptions

Item	Depreciation / Amortisation Rate	Capital Allowance Rate
Office Equipment	20.00%	10.00%
Furniture & Fittings	10.00%	10.00%
Computer Equipment	25.00%	25.00%
Motor Vehicles	25.00%	25.00%
Leasehold Improvements	16.67%	10.00%
Software / Intangible Assets	33.33%	-

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

Depreciation is computed on a straight-line basis over the useful economic life of each asset class. Capital allowances are claimed in accordance with the applicable provisions of the Income Tax Act, Chapter 470 of the Laws of Kenya. The corporate income tax rate of **30%**.

2 Balance Sheet Assumptions

(2.1) Loan Funding

The primary driver of both KMRC's balance sheet position and net interest income is the volume of Primary Mortgage Loans (PMLs) extended to its member Primary Mortgage Lenders. The scale of this portfolio is influenced by a range of factors including the depth and growth trajectory of Kenya's formal mortgage market, the composition and borrowing capacity of KMRC's membership base, prevailing interest rates, and the availability of long-term funding at competitive rates.

On the basis of these considerations, Management projects the PML loan pipeline to evolve as presented in Table 2 below:

Table 2: KMRC Projected Loan Pipeline (KES'M)

YEAR	2026	2027	2028
New Disbursements (KES'M)	8,900	6,781	8,137
Cumulative Loan Book (KES'M)	28,479	35,260	43,397

The disbursement projections inform KMRC's overall funding requirements and capital deployment strategy across the projection period

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

(2.2) Funding Sources

The growth in KMRC's loan book will be supported by a diversified funding base. The primary sources of funding are as follows:

- a. **Credit Lines:** KMRC draws on concessional credit facilities extended by the World Bank and the African Development Bank (AfDB), channelled through the National Treasury of Kenya. These facilities provide long-dated, fixed-rate resources that are on-lent to member PMLs for mortgage refinancing purposes, and represent KMRC's lowest cost of funds.

Bank	Line	Amount KES Equiv.	Use of Funds	Key Terms
World Bank	Concessional Loan Facility	28,600,000,000.00	Mortgage Refinancing	4.5%
AfDB	Concessional Loan Facility	10,000,000,000.00	Mortgage Refinancing	4.5%

- b. **Bonds:** Capital is also raised through KMRC's Medium Term Note (MTN) programme. Under the current issuance, KMRC is raising KES 3.0 billion in new bond proceeds. The bonds are structured with a fixed annual coupon of 12.50% and are to be used exclusively for on-lending to member PMLs for the refinancing of market-rate mortgages.

The bond programme projections for the period under review are presented below:

Table 3: KMRC Bond Projections

YEAR	2026	2027	2028
New Bond Issuance (KES'M)	3,000	-	-
Fixed Coupon Rate (p.a.)	12.50%	12.50%	12.50%

The new KES 3.0 billion bond is expected to be issued in May 2026, with the fixed coupon of 12.50% per annum applicable throughout the 7 years tenor of the instrument.

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

(2.3) Loans

Each funding source is matched to the appropriate loan category in line with the terms of the underlying facility. Credit line proceeds are deployed for both affordable housing and market-rate mortgages, consistent with the conditions attached to each facility. Bond proceeds are applied solely to the refinancing of market-rate mortgages.

Lending rates are set at a spread above the blended cost of funds, with the spread calibrated to ensure financial sustainability and compliance with KMRC's pricing policy. Interest income is accordingly determined by the lending rates applied to the PML book, while interest expense reflects the cost of the corresponding funding instruments.

3 Finance Cost Assumptions

KMRC's projected finance costs encompass interest payable on all borrowing facilities, including World Bank and AfDB credit lines, subordinated debt tranches from both institutions, the existing bond in issue, and the new bond being issued under this Information Memorandum. Finance costs are computed on the outstanding principal balance of each facility at the contractual interest rate applicable to that instrument.

The projected finance cost profile over the three-year period is summarised in Table 4 below:

Table 4: Projected Finance Cost Summary (KES'M)

Finance Cost Item (KES'M)	2026	2027	2028
World Bank Sub-Debt Interest	219.6	219.6	219.6
World Bank Credit Line Interest	772.9	772.9	772.9
AfDB Sub-Debt Interest	109.8	109.8	109.8
AfDB Credit Line Interest	428.0	428.0	428.0

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

Bond (Current) Interest	96.8	69.9	39.8
Bond (New) Interest	250.0	350.6	310.9
World Bank Funding 2 Interest	55.1	535.5	895.5
Total Finance Cost	1,932.4	2,486.5	2,776.6

The new bond issuance of KES 3.0 billion, anticipated in May 2026, carries a fixed coupon of 12.50% per annum with semi-annual interest payments. Scheduled principal amortisation on the new bond commences from May 2027, in accordance with the agreed repayment structure. The progressive decline in interest on the current bond reflects the amortisation of that instrument over the same period.

4 Cost and CAPEX Assumptions

Operating expenditure projections cover all costs associated with running KMRC's business operations, encompassing governance, personnel, marketing, administration, and other operational costs. The 2026 cost base is anchored to KMRC's Board-approved annual budget, with subsequent years modelled using the following escalation assumptions

- General administration are escalated at the base inflation rate of 5.00% per annum and other operating expenses are escalated at average 10.00% throughout the projection period
- Staff costs are projected to increase at 15.00% per annum, reflecting the combined effect of planned headcount additions and annual salary adjustments in line with KMRC's human resources strategy.
- Marketing expenditure is projected to grow at 20.00% per annum, driven by KMRC's ongoing member outreach programme and business development activities aimed at expanding the PML pipeline.
- Depreciation charges are applied on a straight-line basis in accordance with the asset class rates set out in Section 1 above. Assets including office equipment, furniture, computer hardware, software and leasehold improvements are all subject to the applicable accounting depreciation and tax capital allowance provisions.
- Expected credit loss (ECL) provisions under IFRS 9 are modelled conservatively, commensurate with the secured and collateralised nature of the underlying mortgage loan portfolio.

Table 5: Projected Operating Expense Summary (KES'M)

Operating Cost Line (KES'M)	2026	2027	2028
Governance Expenses	32.4	32.9	33.4
Marketing Expenses	16.0	19.2	23.0
Staff Costs	227.4	261.5	300.7
Administration Expenses	98.9	103.8	109.0
Other Operating Expenses	18.7	22.0	24.0
Depreciation & Amortisation	14.5	9.6	6.3
Net ECL Movement	3.0	4.1	5.5
Total Operating Expenses	410.8	453.0	502.0

5 Capitalisation Assumptions

KMRC's capital structure over the projection period comprises paid-up ordinary share capital and accumulated revenue reserves. No new equity issuance is planned during the three-year period under review. Net profits generated in each year are retained in full to support the Company's capital adequacy position, which is monitored on a continuous basis against the minimum requirements prescribed in the Prudential Guidelines issued by the Central Bank of Kenya (CBK). The capital and leverage projections are structured to ensure that KMRC remains compliant with all applicable regulatory thresholds throughout the forecast horizon.

6 Investment Assumption

KMRC maintains a pool of investable funds, representing capital that is yet to be deployed into PML refinancing activities. In line with KMRC's Treasury Policy, these funds are placed in approved short-duration instruments — principally call deposits, fixed deposits and Government of Kenya Treasury Bills — with a view to generating supplementary

KENYA MORTGAGE REFINANCE COMPANY PLC
Prospective Financial Information for each of the periods 31 December 2026, 2027 and 2028

income while preserving liquidity. The average yield on these placements is projected at 8.50% per annum, which reflects the prevailing rates on short-term money market instruments at the time of preparing these projections.

KMRC will additionally hold positions in longer-dated Government securities as required under its Treasury Policy framework. Throughout the projection period, the Company is expected to maintain liquid asset ratios comfortably above the minimum statutory thresholds stipulated by the CBK.

The projected financial performance ratios arising from the foregoing assumptions are presented in Table 6 below

Table 6: Projected Performance Ratios

Performance Ratio	2026	2027	2028
Net Interest Margin	5.24%	4.54%	4.69%
Return on Average Assets	1.51%	1.43%	1.70%
Return on Average Equity	11.33%	10.63%	12.33%
Cost to Income Ratio	11.16%	11.30%	11.00%
Debt to Equity	5.91x	5.96x	5.93x
Loan to Assets Ratio	56.68%	62.81%	68.67%

